ABRIDGED LETTER OF OFFER

"IN THE NATURE OF FORM 2A - MEMORANDUM CONTAINING THE SALIENT FEATURES OF THE LETTER OF OFFER"

THIS ABRIDGED LETTER OF OFFER ("ALOF") CONTAINS 84 PAGES. PLEASE ENSURE THAT YOU GET ALL THE PAGES

Please ensure that you read the Letter of Offer and the general instructions contained in this Memorandum before applying in the Issue. Unless otherwise specified, all capitalized terms used in this form shall have the meaning ascribed to such terms in the Letter of Offer. The investors are advised to retain a copy of Letter of Offer /Abridged Letter of Offer for their future reference.

Media Matrix
Media Matrix Worldwide Ltd.

For Equity Shareholders of the Company only
Private and Confidential

MEDIA MATRIX WORLDWIDE LIMITED

(Our Company was originally incorporated on June 07, 1985 as "Rahul Trading & Finance Limited" in the State of Maharashtra. The name of the Company was changed to "Giltfin Lease Limited" on October 20, 1992 and the name of the Company was once again changed to its current name "Media Matrix Worldwide Limited" vide fresh Certificate of Incorporation from Registrar of Companies, Maharashtra on February 16, 2001. The Corporate Identification Number of our Company is L51900MH1985PLC036518).

Registered Office:

Flat No: 155, 15th Floor, Mittal Court "A" Wing, Nariman Point, Mumbai - 400 021
Tel: 91-22-2283 3006, Fax: 91-22-4347 3206, E-mail Id: compliance@mmwlindia.com, Website: www.mmwlindia.com,

Corporate Office:

77B, 3rd Floor, IFFCO Road, Sector - 18, Gurgaon, Haryana - 122 015
Tel: 0124 - 4310000, Fax: 0124-4310050, E-mail ID: compliance@mmwlindia.com
Contact Person **: Compliance Officer : Mr Mohd. Zafar,** 77B 3rd Floor, IFFCO Road, Sector - 18, Gurgaon, Haryana - 122 015
Tel No: +91 124 4310000 Fax No: +91 124 4310050 email id: compliance@mmwlindia.com

ISSUE OF 90,77,85,000 EQUITY SHARES WITH A FACE VALUE OF Re.1/- EACH AT A PREMIUM OF RS. 0.20 PER EQUITY SHARE FOR AN AMOUNT AGGREGATING TO RS. 10893.42 LACS ON A RIGHTS BASIS TO THE EXISTING EQUITY SHAREHOLDERS OF THE COMPANY IN THE RATIO OF 9 EQUITY SHARES FOR EVERY 1 FULLY PAID-UP EQUITY SHARE HELD BY THE EXISTING EQUITY SHAREHOLDERS ON THE RECORD DATE,THAT IS ON MARCH 19, 2013. THE ISSUE PRICE IS 1.2 TIMES OF FACE VALUE OF EQUITY SHARES.

GENERAL RISKS

Investments in equity and equity related securities involve a degree of risk and investors should not invest any funds in this Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the Risk Factors carefully before taking an investment decision in this Issue. For taking an investment decision, investors must rely on their own examination of the Issuer and the Issue including the risks involved. The securities have not been recommended or approved by the Securities and Exchange Board of India (SEBI) nor does SEBI guarantee the accuracy or adequacy of this document. **Investors are advised to refer to the section titled "Risk Factors" on page 11-38 of the Letter of Offer and Page 37-56 of this Abridged Letter of Offer before making an investment in this Issue.**

OUR COMPANY'S ABSOLUTE RESPONSIBILITY

The Issuer, having made all reasonable inquiries, accepts responsibility for and confirms that the Letter of Offer contains all information with regard to the Issuer and the Issue, which is material in the context of this Issue, that the information contained in the Letter of Offer 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 the Letter of Offer as a whole or any such information or the expression of any such opinions or intentions misleading in any material respect.

LISTING

The Equity Shares of our Company are listed on The BSE Ltd. (Bombay Stock Exchange) and Madhya Pradesh Stock Exchange (MPSE). Our Company has received "in-principle" approval from BSE, which is the Designated Stock Exchange vide its letter dated September 26, 2012, granting in-principle approval for listing the Equity Shares arising from this Issue.

ISSUE PROGRAMME

ISSUE OPENS ON	LAST DATE FOR RECEIPT OF SPLIT APPLICATIONS	ISSUE CLOSES ON
MARCH 30, 2013	APRIL 06, 2013	APRIL 13, 2013

PLEASE READ THE RISK FACTORS CAREFULLY. SEE SECTION "RISK FACTORS" ON PAGE 37-56 OF THIS ABRIDGED LETTER OF OFFER.

PLEASE SEE PAGE 3 OF THIS ABRIDGED LETTER OF OFFER FOR TABLE OF CONTENTS

PLEASE SEE PAGE 64-66 OF THIS ABRIDGED LETTER OF OFFER FOR "QUALITATIVE AND QUANTITATIVE FACTORS DETERMINING THE BASIS OF ISSUE PRICE"

ABRIDGED LETTER OF OFFER CONTAINING SALIENT FEATURES OF THE LETTER OF OFFER

LEAD MANAGERS TO THE ISSUE

FEDEX SECURITIES LIMITED
SEBI Regn. No. INM 000010163
3rd Floor, Jay Chambers Service Road,
Adj. Western Express Highway
Vile Parle (East), Mumbai 400 057
Tel. Nos. (022) 2613 6460/61
Fax No. (022) 2618 6966
Investor Grievance E mail ID: fdxinvgr@gmail.com.
E Mail ID: fedex@vsnl.com, rk@fedsec.in
Website: www.fedsec.in
Contact Person: **Mr. R. Ramakrishnan**

REGISTRARS TO THE ISSUE

Sharex Dynamic (India) Private Limited
SEBI Regn. No. INR000002102
Unit -1, Luthra Ind. premises, Safed Pool,
AndheriKurla Road, Mumbai – 400 072
Tel. Nos. (022) 22702485/22641376
Fax. No. (022) 28512885
Email ID : sharexindia@vsnl.com
Website: www.sharexindia.com
Contact Person: **Mr. B S Baliga**

STATUTORY AUDITORS OF THE COMPANY

Khandelwal Jain & Co.,
221, Hans Bhawan Bahadur Shah Zafar Marg,
New Delhi 110 002
Tel:011-23370091, 23370892, 23378795
Fax: 011-23378794
Email ID:delhi@kjco.net
Firm Reg. No: 105049W
Contact Person: **Mr. Akash Shinghal**
Membership No:103490
Khandelwal Jain & Co., holds a Peer Review Certificate dated April 15, 2010 Issued by the Institute of Chartered Accountants of India.

LEGAL ADVISOR TO THE ISSUE

M/s Juris Matrix, Advocates & Solicitors
302, Apeejay House, 130, Bombay Samachar Marg,
Fort, Mumbai 400 001.
Tel: +91 22 3265 3364 / +91 22 2285 6164
Fax: +91 22834519, Mobile : +91 98200 69616
Email: anil@jurismatrix.net
Contact Person: **Mr. Anil Shah**

BANKERS TO THE ISSUE

HDFC Bank Limited
FIG - OPS Department
Lodha, I Think Techno Campus, O-3,
Level Next to Kanjurmarg Railway Station,
Kanjurmarg (East), Mumbai- 400042
Tel: 022-30752928
Fax: 022-25799801
Email ID: uday.dixit@hdfcbank.com, anchal.garg@hdfcbank.com
Website: www.hdfcbank.com
Contact Person: **Mr. Uday Dixit / Ms. Anchal Garg**
Registration No.INBI00000063

(SCSB) SELF CERTIFIED SYNDICATE BANKS

The list of Banks that have been notified by SEBI to act as SCSB for the ASBA Process are provided on http://www.sebi.gov.in/pmd/scsb.html. For details on Designated Branches of SCSBs collecting the ASBA Bid cum Application Form, refer the above mentioned SEBI link.

COMPANY SECRETARY AND COMPLIANCE OFFICER

Mr. Mohd. Zafar
Company Secretary - Media Matrix Worldwide Limited.
Corporate Office : 77B, 3rd Floor, IFFCO Road, Sector -18
Gurgaon, Haryana - 122 015
Tel No: +91 124 4310000
Fax No: +91 124 4310050
Email ID : compliance@mmwlindia.com

INDICATIVE DATES OF CLOSING OF THE ISSUE AND FINALISATIONOF BASIS OF ALLOTMENT

Issue Closes On	April 13, 2013*
Finalisation of Basis of Allotment with Stock Exchange	Within 8 days of the closure of the issue
Credit of shares in to demat account of shareholders	Within 15 days of the closure of the issue
Dispatch of letter of regret / refund orders	Within 15 days of the closure of the issue

* Attention of the Investors is drawn to the following :

The Board of Directors of our Company or a duly authorized committee thereof may, however, decide to extend the Issue period, as it may determine from time to time, but not exceeding 30 days from the Issue Opening Date.

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ABRIDGED LETTER OF OFFER CONTAINING SALIENT FEATURES OF THE LETTER OF OFFER

I. OUR HISTORY PROMOTERS AND MANAGEMENT

A Our History and Certain Corporate Matters

Our Company was originally engaged in trading activities and later on, obtained registration from Reserve Bank of India for carrying out Non- Banking Finance Company (NBFC) activities in the year 1999 vide certificate of Registration No. 13.01287 dated 13th August 1999. However, the Company didn't carry out any activities related to NBFC since 13th August, 1999, the date on which it got the NBFC certificate, but only continues to be registered with Reserve Bank of India (RBI) as a Non-deposit accepting Non-Banking Finance Company. The Company started media and content business in the year 2000. Considering that the Company had neither carried out any NBFC business in the past, nor it has the intention to carry the business of NBFC in future, the Company, on September 13, 2011, submitted an application to RBI for de- registration as an NBFC. RBI vide its letter dated December 26, 2012 has asked the Company to lower its financials assets (representing investment in subsidiaries) as percentage of total assets to enable it to deregister as NBFC. Since the Company presently meets the criteria of Core Investment Company (CIC) based on the current investment structure of the Company, the Board of Directors of the Company has decided on February 13, 2013 to notify the same to RBI and apply for registration as and when the assets size is Rs.100 cr or above. The response of RBI in this regard is awaited. The Company may be required to pay penalty, if any, levied by RBI for non-compliance in the past and may be required to comply with NBFC norms, if RBI decides not to de-register the Company as NBFC.

Till the time our Company continues to be registered with RBI, the Company would be governed by the RBI Regulations relating to Non Banking Finance companies. In our case, the Regulations or instructions issued by RBI to Non deposit taking NBFCs would be applicable. The major RBI Regulations are those covered under Non Banking Financial (Non Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank Direction) 2007 as amended, Master Circular on Know Your Customer Guidelines, Master Circular on Anti Money Laundering Standards, etc. Other RBI regulations that are to be complied with are master circular on Miscellaneous instructions to Non Banking Finance companies, Master circular on Returns to be submitted by NBFCs and Master Circular on fair Practises Code.

DigiVision Holdings Private Limited (DHPL) took over majority stake and management control of our Company, after entering into Share Purchase Agreements with the earlier promoters as well as with one of Public Shareholder and after making an Open Offer and complying with the now repealed SEBI (Substantial Acquisition of Shares and Takeovers) Regulations 1997. DHPL completed the acquisition of MMWL on Jan 26, 2012 by acquiring 67.37% of total Equity Shares of MMWL.

MMWL is currently into trading of mobile handsets, software development for next generation value added services and providing technical and support services to third parties in India. Currently, the Company is into procurement and distribution of mobile handsets directly and through its wholly owned subsidiary, nexG Devices Private Limited. MMWL has also recently entered into distributorship agreement with Pantel Technologies Private Limited, a company engaged in the business of design, manufacture and sale of various Penta branded Tablets, for distribution of the same in India. Post takeover by DHPL, media and content business is also expected to be continued by the Company either directly or through its subsidiaries.

Our Subsidiaries and their activities

nexG Devices Private Limited (NDPL)

NDPL was acquired by MMWL on March 5, 2012 from DSPL and at present, the entire paid up Capital of NDPL is held by the Company. NDPL is currently engaged in procurement and distributorship of Mobile Handsets of various brands including Samsung, Akai, Alcatel, etc. NDPL has distribution arrangement with these brands for distribution and marketing of handsets in the Indian market. NDPL has marketing offices and warehouses located at various cities in India and have established a nationwide network of over 350 super-stockists and distributors to handle the distribution business all over India.

DigiVive Services Private Limited (DSPL)

DSPL has become subsidiary of MMWL on March 31, 2012 by way of subscription to additional equity shares of DSPL. Subsequently, it has became wholly owned subsidiary of MMWL on May 28, 2012. DSPL is in the business of running next generation mobile value added services. It launched a Mobile TV application "nexGTv" in May 2011. nexGTv offers a bouquet of over 100 channels to a current subscriber base of 10 Lakh+ customers and the nexGTv app has been downloaded by more than 7.5 million users from the various app stores. nexGTv also has a large VOD library of TV content and movies. The delivery mechanism for nexGTv includes Native Client, WAP and Video IVR (VIVR).

DSPL has entered into operator tie-ups with BSNL, MTNL, MTS and Idea in India and Etisalat in Sri Lanka, and is in the process of tying-up with other leading telcos In India and overseas.

The AC Nielsen in its "Neilsen Informate Mobile Insights - 2012" report identifies nexGTv as app with 2nd largest viewership after YouTube. According to the report "nexGTv continues to lead the mobile TV space with nearly 7 out of 10 mobile TV users using nexGTv". It also highlights that nexGTv users spend 71 mins/month on an average using the app and exhibit the highest level of engagement among all mobile TV users. nexGTv has demonstrated its ability to ramp up significantly from less than 1 million downloads in Jan 2012 to 7.5 million downloads as of Dec 2012.

DigiCall Teleservices Private Limited (DTPL)

DTPL has become subsidiary of MMWL on March 31, 2012 by way of subscription to additional equity shares of DTPL. Subsequently, it has became wholly owned subsidiary of MMWL on May 28, 2012. DTPL, operating in the BPO segment, was set up primarily as an ITES organization and supports a wide range of service offering. It was incorporated as Pagepoint Services (India) Private Limited in 1992 for providing Radio Paging services. DTPL discontinued the Paging business in 2004-05, given the declining use of paging services and closure of the paging industry internationally. DTPL started the business of domestic call center in 1999 and since then has been developing this business. The name of the company had been recently changed to DigiCall Teleservices Private Limited vide fresh Certificate of Incorporation dated March 28, 2011. DTPL today employs over 5800 people nationwide in its various centers located in some of the major cities across India.

Media Matrix Holdings Private Limited (formerly Digicall Holdings Private Limited) (MMHPL)

MMWL has acquired 10,000 Equity Shares of Rs. 10 each constituting entire paid up equity Share Capital of Media Matrix Holdings Private Limited (formerly Digicall Holdings Private Limited) on March 5, 2012 from its erstwhile promoters, thereby, making the company, a wholly owned Subsidiary of MMWL. The total consideration paid is Rs. 1.00 Lac. Post acquisition, MMWL has invested Rs. 199 Lacs in MMHPL which is held as Share Application Money as on 31st March 2012. MMHPL will be engaged in investment activities and will be looking for acquisition of companies or ventures in new generation businesses and will also invest in the other Subsidiaries of MMWL, to fund their operation, as and when required.

Digicall Global Private Limited (Subsidiary of DTPL)

DTPL already has a wholly owned subsidiary, Digicall Global Private Limited, which is also into BPO operations, catering mainly to overseas clients. Consequent to our acquisition of DTPL, this Company has also become our subsidiary.

Thus, at present we have 4 wholly owned Subsidiaries and one step down subsidiary, Digicall Global Private Limited. These Subsidiaries will carry out the proposed activities along with our Company. To refer to the stage wise acquisition of our Subsidiaries please refer to the section "Summary of Our Business" appearing on Page No: 52-55 of the Letter of Offer.

For other details pertaining to Our History please refer to the section "History and Certain Corporate Matters" on Page 124-131 of the Letter of Offer.

B. PROMOTERS AND THEIR BACKGROUND

The present Promoter/person presently in control of MMWL is DigiVision Holdings Private Limited (DHPL).

DigiVision Holdings Private Limited (CIN U67190DL2011PTC213857) is a closely held, private limited Company incorporated under the Companies Act, 1956 on February 11, 2011. DHPL has its Registered Office at 8, Commercial Complex, Masjid Moth, Greater Kailash-II, New Delhi – 110048. DHPL does not have any other Office. DHPL has not commenced any commercial operations. The Promoter of DHPL / person presently in control is Mr. Mahendra Nahata, who is also a Promoter and Managing Director of Himachal Futuristic Communications Limited (HFCL). Mr. Mahendra Nahata (DIN: 00052898) aged 53 years, is a Commerce Graduate. He has more than 28 years of business experience. He is the visionary behind the HFCL Group's R&D, technology partnership, business development and marketing initiatives.

MAIN OBJECTS

DHPL has, as its main objects "To hold, acquire by original subscription or purchase from existing security holders and otherwise to deal in shares, stocks, debentures, debenture-stocks, bonds and other securities of any kind including warrants, options, coupons such other derivatives, commercial or participation papers, issued or guaranteed by any of its subsidiary/ associate/group companies and / or other companies in which the company has an equity interest or any other interest under any agreements / contracts or by any other company, corporation or undertaking of whatever nature whether incorporated or otherwise and wheresoever constituted and also not to undertake activities of NBFC as defined u/s 45 (1) (a) of the Reserve Bank of India Act, 1934".

BOARD OF DIRECTORS

Name of the Director	Designation
Mr. Surendra Lunia	Director
Mr. Mahendra Nahata	Director
Mr. Bharat Bhushan Chugh	Director

Shareholding Pattern

The Shareholding pattern of DigiVision Holdings Private Limited as on the date of filing the Letter of Offer is as follows:

Sr. No.	Name of Shareholder	No of shares	% holding
1.	Mr. Mahendra Nahata	19,99,990	51.28
2.	MN Ventures Private Limited	19,00,000	48.72
3.	Mr. Tarun Kalra	10	0.00
	Total	**39,00,000**	**100.00**

M N Ventures Private Limited is promoted by Mr. Mahendra Nahata. Further, M N Ventures Private Limited is also holding 1,21,00,000 Optionally Convertible Preference Shares(OCPSs) of Rs. 10/- each, aggregating to Rs. 12,10,00,000. The OCPSs do not carry any coupon rate and are convertible into Equity Shares of DHPL, at the option of the holder at the Book Value of the equity Shares at the time of conversion. If the conversion option is not exercised, the preference shares are compulsorily redeemed at the expiry of 10 years from the date of issue at par.

Audited Financial Performance of DHPL

(Rs. in Lacs)

Particulars	For the period Ended Sept 30, 2012	For period February 11, 2011 to March 31, 2012
Equity Share Capital (excluding calls in arrears, if any)	390.00	390.00
Preference Share Capital(OCPS)	1210.00	1210.00
Reserves & Surplus (excluding Revaluation Reserves)	(23.79)	(23.53)
Misc. expenditure to the extent not written off	0.00	0.00
Unsecured Loans	8699.80	7399.50
Total Income (Other Income)	0.00	10.89
Profit/(Loss) after Tax	(0.26)	(23.53)
Earnings Per Share (Rs.)	(0.01)	(0.60)
Diluted Earnings Per Share (Rs.)	(0.01)	(0.60)
Net Asset Value per Equity Share (Rs.)	9.85	9.40
Face Value of Equity Share (Rs.)	10.00	10.00

Other disclosures:

The Equity Shares of DHPL are not listed on any of the Stock Exchanges. DHPL has not made any Public/Rights Issue since inception. Further, no action has been taken against the company by any Stock Exchange or SEBI.

DHPL is not a Sick Company within the meaning of Sick Industrial Companies (Special Provisions) Act, 1985 and has not been referred to under the Board for Industrial and Financial Reconstruction. Further, DHPL is not under winding up. It does not have a negative Net Worth.

There are no defaults by DHPL in meeting any Statutory/Bank/Institutional dues. There is no default to Public Deposit/Debenture holders. No proceedings have been initiated for economic offences against DHPL.

For further details regarding our Promoter please refer to the Section "Promoter and Promoter Group" on Page 143-144 of the Letter of Offer.

C. MANAGEMENT

(i) BOARD OF DIRECTORS

Under the Articles of Association of our Company, we cannot have less than 3 Directors and more than 12 Directors. Currently, our Company has 4 Directors. The following table sets forth details regarding our Board of Directors as on the date of the Letter of Offer:

Sr. No.	Name, Fathers' Name, Designation, Age, Nationality, Address, Occupation & DIN	Date of Appointment & Term of Directorship	Other Directorships
1)	**Mr. Chhattar Kumar Goushal** S/o Uttam Chand Goushal 18, Swastik Court 1st Pasta Lane, Colaba, Mumbai 400 006 Age: 53 years Nationality :Indian Designation: Non-Executive Independent Director DIN: 01187644 Occupation: Business	26.01.2012 Liable to retire by Rotation	1. Dilip Chhabria Private Limited 2. Arch Commodity Brokers Private Limited 3. Media Matrix Holdings Private Limited (formerly Digicall Holdings Private Limited) 4. Bibhas Finvest Private Limited
2)	**Mr. Bharat Bhushan Chugh** S/o Late Des Raj Chugh, D-11/4, 14 Rajpur RoadDelhi - 110054 Age : 53 years Nationality : Indian Designation: Director (Finance) DIN: 00472532 Occupation: Service	26.01.2012 Liable to retire by Rotation	1. Microwave Communications Limited 2. Customised Call Centre Services Private Limited 3. DigiCall Teleservices Private Limited 4. Digivision Holdings Private Limited 5 Media Matrix Holdings Private Limited (formerly Digicall Holdings Private Limited)
3)	**Mr. Mahesh Ranglal Jain** S/o Ranglal Kaulal Jain 301, 3rd Floor,Coutinho Apts. CHS, Opp Jain Temple, Santacruz(E), Mumbai - 400 055 Age: 42 years Nationality : Indian	26.01.2012 Liable to retire by Rotation	1. Money Tree Consultancy Services Private Limited 2. Sinewave Properties Private Limited 3. Vandan Consultancy Private Limited

	Designation: Non-Executive Independent Director DIN: 00013947 Occupation: Business		4. Drisana Real Estate Private Limited 5. Nu-Tech Corporate Services Limited 6. Sea Span Shipping Limited
4)	**Mr. Suresh Bohra** S/o Late P C Bohra E-356, 3rd Floor, Greater Kailash-II, New Delhi - 110048 Age : 45 years Nationality : Indian Designation: Non-Executive Independent Director DIN: 00093343 Occupation: Business	February 24, 2012 Liable to retire by Rotation	1. Black Fox Financial Private Limited 2. Crest Comtrade Private Limited 3. Blueblood Equity Trading Private Limited 4. Bohra Industrial Resources Private Limited 5. Beta Stock Brokers Private Limited

Note: None of the above mentioned Directors are on the RBI List of willful defaulters as on the date of the Letter of Offer.

Shareholders are requested to refer to the Section " Our Management" beginning on Page 132 of the Letter of Offer for further details.

(ii) Changes in our Board of Directors during the last three years

The following changes have taken place in the Board of Directors of our Company during the last three years:

Sr.No	Name	Date of change	Nature of change
1	Ms. Rashmi Pande	29.09.2010	Resigned
2	Ms. Mona Mehta	29.09.2009	Resigned
3	Mr. Vikas Desai	29.09.2009	Resigned
4	Mr. Deepak Doshi	29.09.2009	Change in designation
5	Mr. Suhas Gopinath Jadhav	29.09.2009	Change in designation
6	Mr. Mendalu Chaitanya Naidu	29.09.2009	Appointment
7	Mr. Ketan Mehta	12.04.2010	Appointment
8	Mr. Mohan Nadar	12.04.2010	Appointment
9	Mr. Anil Babulal Vedmehta	03.09.2010	Appointment
10	Mr. Ketan Mehta	29.09.2010	Cessation
11	Mr. Mohan Nadar	29.09.2010	Cessation
12	Mr. Anil Babulal Vedmehta	29.09.2010	Cessation
13	Mr. Anil Babulal Vedmehta	30.09.2010	Appointment
14	Mr. Pulkit Vimal Mehta	30.09.2011	Appointment
15	Ms. Priyanka Vedmehta	01.10.2011	Cessation as MD and Director
16	Mr. Mendalu Chaitanya Naidu	01.10.2011	Cessation
17	Mr. Suhas Gopinath Jadhav	01.10.2011	Change in Designation to Whole Time Director
18	Mr. Deepak Meghraj Doshi	26.1.2012	Cessation, pursuant to Takeover
19	Mr. Suhas Gopinath Jadhav	26.01.2012	Cessation, pursuant to Takeover
20	Mr. Anil Babulal Vedmehta	26.01.2012	Cessation, pursuant to Takeover
21	Mr. Chhattar Kumar Ghoushal	26.01.2012	Appointment
22	Mr. Bharat Bhushan Chugh	26.01.2012	Appointment pursuant to Takeover
23	Mr. Mahesh Ranglal Jain	26.01.2012	Appointment
24	Mr. Suresh Bohra	24.02.2012	Appointment
25	Mr. Pulkit Vimal Mehta	28.05.2012	Cessation pursuant to takeover

(iii) Corporate Governance

The provisions of the Listing Agreement entered into with BSE with respect to Corporate Governance is applicable to our Company. Our Company has complied with Listing Agreement in respect of Corporate Governance especially with respect to broad basing of Board, constituting the Committees such as Shareholders/Investors Grievance Committee, Audit Committee and Remuneration Committee

FOR FURTHER DETAILS ON "MANAGEMENT" PLEASE REFER TO SECTION "OUR MANAGEMENT" ON PAGE 132-142 OF THE LETTER OF OFFER

D SHAREHOLDING PATTERN OF OUR COMPANY

(i) The aggregate shareholding of each of the categories in our Company as per Clause 35 of listing agreement as on March 01, 2013 is as under:

Sl.No.	Particulars	Number of Shareholders	Pre – Issue		Post Issue	
			No. Of Shares	Percentage	No Of Shares	Percentage
(A)	Shareholding of Promoters and Promoters Group					
(A)(1)	Indian					
(a)	Individuals/ Hindu Undivided Family	1	33,98,172	3.369	3,39,81,720	3.369
(b)	Central Government/ State Government(s)	0	0.00		0.00	-
(c)	Bodies Corporate	1	54,481,908	54.015	54,48,19,080	54.015
(d)	Financial Institutions/ Banks	0	0.00	0.00	0.00	0.00
(e)	Any Others(Specify)	0	0.00	0.00	0.00	0.00
	Sub Total(A)(1)	**2**	**5,78,80,080**	**57.384**	**57,88,00,800**	**57.384**
(A)(2)	Foreign					
a	Individuals (Non-Residents Individuals/Foreign Individuals)	0	0.00	0.00	0.00	0.00
b	Bodies Corporate	0	0.00	0.00	0.00	0.00
c	Institutions	0	0.00	0.00	0.00	0.00
d	Any Others(Specify)	0	0.00	0.00	0.00	0.00
	Sub Total(A)(2)	0	0.00	0.00	0.00	0.00
	Total Shareholding of Promoters and Promoters Group (A)= (A)(1)+(A)(2)	**2**	**5,78,80,080**	**57.384**	**57,88,00,800**	**57.384**
(B)	Public shareholding					
(B)(1)	Institutions					
(a)	Mutual Funds/ UTI	0	0.00	0.00	0.00	0.00
(b)	Financial Institutions / Banks	0	0.00	0.00	0.00	0.00
(c)	Central Government	0	0.00	0.00	0.00	0.00
(d)	Venture Capital Funds	0	0.00	0.00	0.00	0.00
(e)	Insurance Companies	0	0.00	0.00	0.00	0.00
(f)	Foreign Institutional Investors	0	0.00	0.00	0.00	0.00
(g)	Foreign Venture	0	0.00	0.00	0.00	0.00
(h)	Any Other (specify)	0	0.00	0.00	0.00	0.00
	Sub-Total (B)(1)	0	0.00	0.00	0.00	0.00
(B) (2)	Non-institutions					
(a)	Bodies Corporate	126	2,81,03,733	27.863	28,10,37,330	27.863
(b)	Individuals					
I	i. Individuals -i. Individual shareholders holding nominal share capital up to Rs 1 lakh	1940	48,92,413	4.850	4,89,24,130	4.850
II	ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh.	18	98,76,293	9.792	9,87,62,930	9.792
(c)	Any Other (specify)					
(c-i)	Shares in Transit	1	11,400	0.011	114,000	0.011
(c-ii)	NRIs	21	1,01,081	0.100	10,10,810	0.100
	Sub-Total (B)(2)	**2106**	**4,29,84,920**	**42.616**	**42,98,49,200**	**42.616**
(B)	Total Public Shareholding	2106	4,29,84,920	42.616	42,98,49,200	42.616
	TOTAL (A)+(B)	**2108**	**100,865,000**	**100.00**	**100,86,50,000**	**100.00**
(C)	Shares held by Custodians and against which Depository Receipts have been issued	0	0.00	0.00	0.00	0.00
	GRAND TOTAL (A)+(B)+(C)	**2108**	**100,865,000**	**100.00**	**100,86,50,000**	**100.00**

Post Issue Shareholding is based on the assumption that all the equity Shareholders will subscribe to the full extent of their Rights entitlement in this Issue.

***Share in Transit represents equity shares which were held in the account of Clearing members in their pool account.**

The details of Shares in Transit as of March 1, 2013 is as under:

Serial no	DPID/CLID	Name of shareholder	Address	Shareholding
1	IN30051/ 10000578	Sharekhan Limited	Kanjumarg East Mumbai-400042	11,400
			Total	**11,400**

(ii) NAMES OF THE PUBLIC SHAREHOLDERS HOLDING MORE THAN 1% OF THE PRE ISSUE CAPITAL OF THE COMPANY

Sr. No.	Name of the shareholders	No. of Equity Shares	Shares as a % of total number of shares (i.e. grand total (A)+(B)+(C) indicated in statement at para (8) (A) above)
1	V & A Ventures LLP	20,000,000	19.83
2	Battle Vyapaar Private Limited	3,763,140	3.73
3	Tripurari Properties Private Limited	2,070,000	2.05
4	Ramesh Kumar Haran	1,627,360	1.61
5	Rani Kaur Devendra Singh Sethi	1,543,000	1.53
6	Deepak Malhotra	1,401,900	1.39

(iii) DETAILS OF THE TOP TEN SHAREHOLDERS AS ON THE DATE OF FILING THE LETTER OF OFFER WITH THE STOCK EXCHANGE

Sr. No.	Name of Shareholders	Number of Equity Shares	% of Total Paid-Up Capital
1	DigiVision Holdings Private Limited	5,44,81,908	54.01
2	V & A Ventures LLP	2,00,00,000	19.83
3	Battle Vyapaar Pvt. Ltd	37,63,140	3.73
4	Mahendra Nahata	33,98,172	3.37
5	Tripurari Properties Pvt. Ltd.	20,70,000	2.05
6	Ramesh Kumar Haran	16,27,360	1.61
7	Rani Kaur Devendra Singh Sethi	15,43,000	1.53
8	Deepak Malhotra	14,01,900	1.39
9	Nitesh Wadhwani	6,50,000	0.64
10	Rachna Bagga	5,43,714	0.54
	Total	**8,94,79,194**	**88.70**

(iv) DETAILS OF THE BUILD-UP OF OUR CURRENT PROMOTER SHAREHOLDING IN OUR COMPANY IS AS UNDER

Date of Allotment / Purchase / Transfer	Name of the Promoter Group Shareholders	Nature of Consideration	Nature of Allotment	No. of Equity Shares	Face Value (Re.)	Issue / acquisition price per Equity	Total (%) of Promoter Group
12.10.2011	DigiVision Holdings Private Limited	Cash	Market Purchase	1,13,21,100 (11.22%)	1	1.82	1,13,21,100 (11.22%)
31.01.2012	DigiVision Holdings Private Limited	Cash	Acquired through Open Offer	2,06,39,770 (20.46%)	1	1.90	3,19,60,870 (31.68%)
31.01.2012	DigiVision Holdings Private Limited	Cash	Acquired through Open Offer	1,98,40,438 (19.67%)	1	1.90	5,18,01,308 (51.35%)
04.02.2012	DigiVision Holdings Private Limited	Cash	Acquired through SPA	8,85,600 (0.88%)	1	1.90	5,26,86,908 (52.23%)
09.02.2012	DigiVision Holdings Private Limited	Cash	Acquired through SPA	7,20,000 (0.71%)	1	1.90	5,34,06,908 (52.94%)
14.03.2012	DigiVision Holdings Private Limited	Cash	Acquired through SPA	2,05,000 (0.20%)	1	1.90	5,36,11,908 (53.14%)
30.03.2012	DigiVision Holdings Private Limited	Cash	Acquired through SPA	7,80,000 (0.77%)	1	1.90	5,43,91,908 (53.91%)
04.04.2012	DigiVision Holdings Private Limited	Cash	Acquired through SPA	90,000 (0.09%)	1	1.90	5,44,81,908 (54.01%)

19.11.2012	Mr. Mahendra Nahata	Cash	Market Purchase	35000 (0.03%)	1	4.22	5,45,16,908 (54.04%)
20.11.2012	Mr. Mahendra Nahata	Cash	Market Purchase	200000 (0.2%)	1	4.23	5,47,16,908 (54.24%)
21.11.2012	Mr. Mahendra Nahata	Cash	Market Purchase	500000 (0.5%)	1	4.53	5,52,16,908 (54.74%)
22.11.2012	Mr. Mahendra Nahata	Cash	Market Purchase	300000 (0.3%)	1	4.18	5,55,16,908 (55.04%)
26.11.2012	Mr. Mahendra Nahata	Cash	Market Purchase	300000 (0.3%)	1	4.38	5,58,16,908 (55.34%)
27.11.2012	Mr. Mahendra Nahata	Cash	Market Purchase	65000 (0.06%)	1	4.18	5,58,81,908 (55.4%)
03.12.2012	Mr. Mahendra Nahata	Cash	Market Purchase	385000 (0.38%)	1	4.58	5,62,66,908 (55.78%)
04.12.2012	Mr. Mahendra Nahata	Cash	Market Purchase	405000 (0.40%)	1	4.58	5,66,71,908 (56.18%)
05.12.0212	Mr. Mahendra Nahata	Cash	Market Purchase	395403 (0.39%)	1	4.43	5,70,67,311 (56.57%)
06.12.2012	Mr. Mahendra Nahata	Cash	Market Purchase	407769 (0.41%)	1	4.66	5,74,75,080 (56.98%)
10.12.2012	Mr. Mahendra Nahata	Cash	Market Purchase	405000 (0.40%)	1	4.65	5,78,80,080 (57.38%)

The present Issue being a rights issue, as per regulation 34(c) of the SEBI (ICDR) Regulations, the requirement of promoters contribution and lock-in are not applicable

E GROUP COMPANIES / SUBSIDIARIES

(i) The details of largest group entities / entities having negative networth are given below:

(Rs. in Lacs)

Name of the Company	Equity Capital as on 30.09.2012	Net Worth as on 30.09.2012	Turnover as on 30.09.2012	PAT as on 30.09.2012	Shareholding of MMWL in group entities	Listing
Himachal Futuristic Communications Limited	12,393,77	61597.53	40,126.14	4,027.65	Nil	BSE and NSE. GDRs are listed on London and Luxemberg Stock Exchange
Exicom Tele-systems Limited	469.60	5303.46	3551.94	(175.98)	Nil	Unlisted
HTL Limited	1500.00	(51.07)	8055.36	4052.97	NIL	Unlisted
Polixel Security Systems Private Limited	2.08	(662.34)	131.72	(257.00)	Nil	Unlisted
HFCL Satellite Communications Limited	800.05	(5635.31)	111.10	18.51	Nil	Unlisted
Microwave Communications Limited	3749.58	(11365.8)	6.57	(214.31)	Nil	Unlisted
HFCL Dacom Infocheck Limited	470.00	(55.71)	0.00	(0.05)	Nil	Unlisted
Westel Wireless Limited	31.00	(116.72)	0.00	(0.07)	Nil	Unlisted

We have 4 subsidiaries and one step down subsidiary.

DETAILS OF OUR SUBSIDIARIES

Name of the Subsidiary	Equity Capital as on 30.09.2012	Turnover for the period 30.09.2012	Profit after tax for the period 30.09.2012	Shareholding of MMWL in the subsidiary	Listing Status
nexG Devices Private limited	499.00	7987.11	(447.25)	100%	Unlisted
Digicall Teleservices Private Limited	2000.00	3336.80	(205.16)	100%*	Unlisted
DigiVive Services Private Limited	1000.00	653.88	(341.09)	100%*	Unlisted
Media Matrix Holdings Private Limited (formerly Digicall Holdings Private Limited)	200.00	0.00	(0.25)	100%	Unlisted
STEP DOWN SUBSIDIARY – SUBSIDIARY OF DIGICALL TELESERVICES PRIVATE LIMITED					
Digicall Global Private Limited	50.00	377.46	(108.55)	100% (Held by Digicall Teleservices Private Limited , wholly owned subsidiary of MMWL)	Unlisted

***** Equity Shareholding of 34.5 % in Digicall Teleservices Private Limited and 20.5% in DigiVive Services Private Limited held through our wholly owned subsidiary Media Matrix Holdings Private Limited (formerly Digicall Holdings Private Limited)

For further details regarding our group companies please refer to section "Our Promoter and Promoter Group Entities" on Page 143-157 Of the Letter of Offer and for details regarding our subsidiaries, please refer to the section " Our History and Certain Corporate Matters" beginning on Page 124 Of the Letter of Offer.

F. DETAILS OF LITIGATIONS

Litigations involving our Company and its Subsidiaries

FILED AGAINST OUR COMPANY OR ITS SUBSIDIARIES

1 Litigation involving civil laws : Nil
2. Litigation involving Criminal Laws: Nil
3. Litigation involving Statutory Law: Nil
4. Litigation involving Labour Laws: Nil

FILED BY OUR COMPANY OR ITS SUBSIDIARIES

1 Litigation involving civil laws : Nil
2. Litigation involving Criminal Laws: Nil
3. Litigation involving Statutory Law (Income Tax) : Rs. 8.55 lacs
4. Litigation involving Labour Law: Nil

Litigations involving our Group Companies

Filed against our Group Companies

SR NO.	FILED BY	FILED AGAINST	FORUM IN WHICH SUIT HAS BEEN FILED	ISSUE INVOLVED	AMOUNT INVOLVED (RS. IN LAC APPROX.)	CURRENT STATUS
1	A Elancheriathan	HTL	The High Court, Chennai	The employee was terminated on 29.09.2003 without enquiry stating that his services were no longer required. He challenged the termination order. The High Court granted stay. He was taken back on 06.10.2003 without prejudice. He attained superannuation on 31.12.2005 and his dues were settled	1.00	Counter filed. Not yet Listed

				except for the period 30.09.2003 to 05.10.2003 pending disposal of this case.		
2	P Dhanapalan	HTL Chennai	The High Court,	The employee was terminated on 08.10.2003 for being absent without intimation. He has challenged the termination Order. Court granted stay. He was permitted to rejoin on 05.01.2005 and has retired on superannuation on 31.10.2009. His dues were settled except for the period 19.03.2003 to 04.01.2005 pending disposal of this case.	2.00	Not yet Listed
3	BSNL	HTL	The High Court, New Delhi	HTL supplied EKBS system to BSNL. BSNL disallowed a portion of the amount for non installation. HTL went to arbitration. The arbitrator passed an award in favour of HTL. BSNL has filed an appeal against this award. If the said appeal is in favour of HTL. BSNLwill pay this or otherwise there is no liability on HTL since it has already been recovered from HTL.	Nil	Hearing is in Progress
4	Santhamurthy & 13 others	HTL	The High Court Chennai	The company notified VRS and invited applications in 2003. 14 people challenged the irrevocable clause in the VRS and obtained stay. The Management not contested and allowed all the 14 to retire in the normal course on superannuation.	Nil	Not listed after granting stay.
5	Sundaramurthy & 8 others	Ministry of Communications and HTL	The High Court Chennai	The company notified VRS and invited applications in 2003. 9 people challenged the irrevocable clause in the VRS and obtained stay. The management has not contested and allowed 8 out of 9 to retire in the normal course. 1 is in service.	Nil	Not listed after granting stay.
6	Shyam Sunder	HTL	The High Court, Chennai	The employee had applied for Voluntary Retirement. Pending this, he submitted a letter stating that he may be relieved under VRS or otherwise treat this letter as letter of resignation. This letter was treated as resignation and he has been relieved. He accepted the terminal benefits. Thereafter he filed a petition before the Labour Court claiming VRS Compensation. The award passed by the Labour Court in favour of HTL is being challenged	Nil	Posted for arguments
7	Systems & Components	HTL	The High Court, Chennai	M/s. Systems and Components had filed a winding up petition in 2005 and the company had entered into memorandum of settlement dated 28.02.2007. The high Court passed an order dated March 01, 2007 forming part of the above settlement. Thereafter the party had taken back delivery of material worth Rs. 37.57 Lacs from HTL after adjusting the same, a sum of Rs. 167.60 Lacs is p ayable. A petition to revive the winding up petition has been filed by the supplier.	167.60	Direction petition dismissed, impleading petition still alive

8	T Chitra	HTL	The High Court Chennai	The employee, an ex-officer, resigned without proper notice and claimed for wage revision arrears in the labour court. The labour court ruled that she is not a Workman and hence she has filed a Writ Petition in the High Court.	1.12	Counter will be filed at the time of hearing
9	Electrohms	HTL	The City Civil Court, Bangalore	Claim for supplies made with interest. Petition filed by HTL to invoke arbitration clause and have informed the Court that HTL is referred to BIFR	3.87	Date of hearing not yet fixed
10	GNFC	HTL	The Civil Court, Bharuch	GNFC Gujarat claimed outstanding amount of Rs. 2,41,41,089 plus interest for supplies made. Petition filed by HTL to invoke arbitration clause and have informed the Court that HTL is referred to BIFR	241.41	Petition on preliminary issues filed. Posted for hearing
11	Omega Engineer Manufacturers	HTL	Industrial Facilitation Council, Bangalore	Omega Enterprises has claimed outstanding amount of Rs.92,117 plus interest for supplies made.	0.92	Awaiting date of hearing
12	CPs 1168 to 1192, 1193 to 1203, 1400 to 1403, 1565 to 1567, 1571 to 1575 of 2010, 285, 286 and 322 of 2011 and 275 & 327 of 2012	HTL	The Labour Court, Chennai	The Ex-Workmen have claimed VRS Exgratia recalculation based on company circulars consequent to wage revision	55.22	Posted for enquiry/ counter to be filed
13	P Krishnaswamy	HTL	The principal City Civil Court, Chennai	Appeal against the dismissal of his claim disputing the reduction of the Retirement age from 60 to 58 by the City Civil Court.	Nil	Not yet listed
14	OS 2647 to 2651, 2699 to 2702, 2748 &2749 and 5208 of 2011	HTL	The City Civil Court , Chennai	The ex- Officers have claimed the recalculation of the VRS Exgratia .	31.48	Hearing is in progress.
15	CP 195/2012 filed by Amararaja Battaries	HTL	The High Court of Madras, Chennai	Requesting winding up and Claiming the dues of Rs. 1,52, 46,123/- along with interest @ 24%.P.A.	NIL	Defended against Winding up prayer and Hearing is in progress.
16	CS 468/12 filed by Amararaja Battaries	HTL	The High Court of Madras, Chennai (Civil Jurisdiction)	Claiming dues of Rs. 1,51,93,514.60 plus interest @ 13.5%P.A., totalling Rs. 3,31,13,685.52	331.14	Not listed.
17	CIT	HFCL	Income Tax Authorities	In ITAT, the Department has disputed the allowance given by CIT(A) in respect of purchase of software as revenue expenditure and also for allowance u/s 80HHE regarding export sale	149.87	Order is awaited
18	BSNL	HFCL	The Supreme Court of India	HFCL supplied OFC to MP Circle, Bhopal. Dispute has arisen on the issue of rates to be applied for the supplies already made in time. The matter was referred to Arbitration and the award was given in favour of BSNL. The matter was referred for fresh arbitration who delivered his	No liability	BSNL's SLP has been listed for final arguments on since it could not be taken up at the last hearing. The

				award in favour of HFCL. Aggrieved with the second award BSNL has filed objections before the District Judge, which was dismissed. BSNL filed an appeal before the MP High Court, Jabalpur and aggrieved by Jabalpur High Court's Order, BSNL has filed SLP before the Supreme Court.		matter is yet to be heard and disposed off by the Supreme Court.
19	Union of India	HFCL	Delhi High Court	HFCL has filed claim before the Arbitral Tribunal on 30.01.2005for Rs.56.49 crore along with interest @ 18% p.a. from 9.9.2002. HFCL has filed claim for nonpayment of claim by DoT on account of post closing adjustments regarding acquisition of 74% stake of HTL as per SPA. Arbitration Award in favour of HFCL for Rs.55 crores to be paid along with interest of 9% p.m from date of award till payment or realization and the cost of the arbitration proceedings quantified in the sum of Rs. 5 lacs which has been contested by DoT before the High Court.	5649.00	The matter h as been decided in favour of HFCL on 05-12-12 by upholding the Arbitration Award. DoT has filed appeal against the same which has been dismissed on 25/02/2013. DOT may file the appeal before the Apex Court in due course.
20	Credit Agricole CIB	Microwave Communications Ltd.	Debt Recovery Appellate Tribunal	DRT-II Delhi has directed for payment of Rs 3.30 crores by Microwave Communications in case the same amount is paid by the bank to DoT against invocation of BG by DoT. Aggrieved by above order, bank has filed appeal before DRAT with the prayer that payment should be deposited with the bank immediately without bank first making payment to DoT.	330.00	Next date of hearing in the matter is on 25-04-2013
21	IFCI	HFCL Satellite, HFCL & Others	Debt Recovery Appellate Tribunal	IFCI has filed case against HFCL Satellite for recover of Rs.14.58 crores. HFCL has been made a party as a guarantor. IFCI has also filed application for attachment of shares of HTL held by HFCL against their dues	1458.00	HFCL Satellite has settled the case with IFCI on One Time Settlement of Rs.5 crores, which has been paid. IFCI is to withdraw the case on next date of hearing on 25-03-13.
22	DOT	HFCL	Arbitral Tribunal	HFCL has filed its claims on 2/6/2011 before the Adjudicator to the Government of India, for Rs.24.49 crores recoverable from DoT. The Adjudicator has given its decision on 28/06/2011. Being dissatisfied with the decision of the Adjudicator, DoT has invoked Arbitration Clause. The Arbitral Tribunal has been constituted	Nil	HFCL has taken the stand that since there is delay by DoT in invoking the arbitration clause, invocation of the clause is time barred

						and therefore the Adjudicator's decision has already become final and binding on both the parties. Date of Next Hearing : 15/3/2013
23	ITI	HFCL	Arbitral Tribunal	ITI has terminated HFCL contract for supply of IFWT and subsequently encashed performance bank guarantees for Rs.109 lacs. On 30/12/2007 HFCL has filed claim for Rs.52.88 crores. ITI has filed a Counter claim for Rs.91.26 crores	91.26	The Arbitral Tribunal has given the award in favour of HFCL dated 7-7-12 directing ITI to make payment of Rs. 12.70 crores to HFCL. IT I has filed appeal in the High Court OMP 1057 of 2012.Next date of hearing 05-04-13.

Filed by our Group Companies

SR NO.	FILED BY	FILED AGAINST	FORUM IN WHICH SUIT HAS BEEN FILED	ISSUE INVOLVED	AMOUNT INVOLVED (RS. IN LAC APPROX.)	CURRENT STATUS
1	HTL	Hegde & Goley	The Civil Court	Claim made by HTL for refund of advance money paid to M/s. Hedge and Goley. Company under liquidation	0.57	A letter came from official liquidator asking for proof of debts which we have sent on 12.07.2010
2	HTL	Interface Electronics	The Civil Court	Claim made by HTL for refund of advance money paid to M/s. Interface Electronics.Company under liquidation	2.39	Awaiting orders
3	HTL	BSNL	The High Court	Petition filed to restrain BSNL from invoking a Bank Guarantee of Rs.61 Lacs	61.00	Injunction granted
4	HFCL	CIT	The High Court	Against the treatment of interest on margin money as derived from Industrial Undertaking for the AY 1992-93, 1993-94, 1996-97 and 1997-98	Nil	Next date for hearing is fixed for 07.09.2012
5	HFCL	CIT (Appeals) New Delhi		Against Order U/s 272A(1)(c) and 153A/143(3) of the Income Tax Act, 1961. - 8 appeals in all	Nil	Matter is yet to come up for hearing
6	HFCL	BSNL	Delhi High Court	BSNL has invoked PBG for 18GhZ Order. The Delhi High Court has restrained Bank from releasing the amount of PBG valid up to 30.04.2009	28.21	The matter has been referred by the High Court to the Registrar of the High Court for completion

						of pleadings and recording of evidence. Next date of Hearing is on 28/4/2013.
7	HFCL Trade Invest Ltd (Since merged with HFCL)	Classic Credit & Burlington Finance - 2 cases	The Bombay High Court	Recovery of amount along with interest	Rs.22552.26 lacs with interest on principal of Rs.19899.00 lacs at 18% p.a. till date of payment or realization Rs.9652.22 lacs with interest on principal of Rs.8429.99 lacs @18% per annum till payment or realization	Reply not yet filed by Classic Credit. Last date of hearing was on 23.09.2008. The case is pending for directions in the category of undefended suits. Next date of hearing is 28-03-2013.
8	HFCL	BSNL	The Division Bench Delhi High Court	DoT has invoked performance bank guarantee for alleged failure to offer the equipment. HFCL has filed objection on the Arbitration Award passed. HFCL has deposited a sum of Rs.42,54,082 on 20/09/2007 with High Court, New Delhi and accordingly BSNL has vide letter dated 17/10/2007 returned the original Bank Guarantee for cancellation	Rs.42.54 lacs	The matter is yet to be fixed for arguments. Last date of hearing was on 11/12/ 2009. The matter has been ordered to be listed on its own turn.
9	HFCL	Union of India	Supreme Court of India	HFCL has filed refund claim of Rs.59.16 lacs and Rs.74.66 lacs totaling Rs133.82 lacs for refund of Excise Duty due to reduction in the prices of the supplies made to MTBL during the year 1994-95, which was disallowed by Adjudicating Authority on 19/2/2002. On appeal before CCE(Appeal) the refund was allowd to HFCL. Against which revenue preferred an Appeal with the CESTAT which was rejected on 18/3/2003. HFCL has filed writ before the High Court for the implementation of the Order of the CESTAT. Revenue has also filed an Appeal which was admitted on 9/12/2004. On 8/1/2010, the Shimla High Court allowed the Appeal of Central Excise and dismissed the Writ Petition of HFCL.	Rs.133.82 lacs	The matter was admitted on 1/8/2011 by the Hon'ble Supreme Court. Next date of hearing is 28-03-2013
10	HFCL	Gujarat Narmada Valley Fertilizers Company Limited (GNFC)	High Court of Gujarat at Ahmedabad	GNFC has filed Special Civil Suit 227 of 1996 before the Civil Judge of Bharuch on 2/12/1996 of the recovery of Rs.22,48,068.68 with running interest @18% p.a. from the date of the suit till the date of realization and costs in connection with supply of PCB Board to erstwhile Himachal Telematics Limited since merged with HFCL.	Rs.22.48 lacs	On 28/12/ 2011, notice was issued for admission of appeal by High Court returnable on 30/1/2012. Appeal is admitted on

				ON 30/6/2011 the Court has passed the decree for payment of Rs.22.48 lacs with interest @12% p.a. from the date of institution of the suit till realization of the decreed amount. HFCL has filed appeal before the Gujarat High Court		15/2/2012. The matter is yet to taken up for hearing
11	HFCL	Union of India	Arbitral Tribunal, New Delhi	DoT invoked the PBG given for 100W SSPA order due to non supply of equipment on account of dispute over indigenous or imported one	Rs4.40 lacs and Rs10.22 lacs	Claim has been filed by HFCL before Arbitrator on 26/11/02. Next date of hearing is yet to be fixed. HFCL has not extended the Performance Guarantees which expired in November / December 2006.
12	HFCL	BSNL	Arbitral Tribunal	DoT invoked the bid on bank guarantee for Rs.70.00 Lacs and Rs.136 Lacs against which HFCL obtained stay from the High Court	Rs.206 lacs	Claim has been filed by HFCL before the Arbitrator on 3/3/2008 for permanent injunction of BGs for Rs.70 lacs plus Rs.136 lacs and for Rs8.4 crores towards compensation. Next date of hearing in the matter is fixed for 02/03/ 2013 for final arguments.
13	HFCL	K C Agarwal & Others	National Consumer Disputes Redressal Commission	HFCL has filed appeal against the order dated 25.08.2006 of State Consumer Dispute Redressal Commission, Delhi directing HFCL to allot shares against public issue made in year.	No liability	Next date of hearing is fixed for 14/03/13.
14	HFCL	BSNL	The Delhi High Court	HFCL has supplied MARR system to DOT. On 12.09.99 DoT invoked bank guarantee of Rs.42 Lacs on ground of alleged overpayment by DoT to HFCL amounting to Rs.43.23 Lacs on account of unilateral price reduction by DoT based on new tender prices, whereas on the contrary HFCL was claiming outstanding payment of Rs.612.86 Lacs from DoT. HFCL obtained ex parte ad interim stay and an award was passed by arbitrator in favour of HFCL. BSNL has filed objections to the Arbitration Award.	612.86	This matter has been disposed off by the High Court on 30-05-12. HFCL has filed appeal before the division bench of High Court - FA(OS) 391/ 2012, which is yet to be decided.

The details of Litigations settled between date of filing the Draft Letter of Offer with BSE and date of the Letter of Offer is are follows:

S.R No	Name of the Company	Name of the Party	Remark
1	HTL	K.M. Gopakumar	Dismissed on 30.10.2009
2	HTL	S Babu & 16 others	Dismissed on 6.9.2012
3	HTL	P Subban	Dismissed on 20.06.2012
4	HTL	Vinayaga Engineering	Dismissed on 27.09.2012
5	HTL	EPS 110 to 115 and 127 & 128 of 2011	Settled out of Court
6	HFCL Bezeq Telecom Limited	Union of India	Dismissed on 02-01-12.
7	HFCL	BSNL	Dismissed on 30-05-12
8	HFCL	Smt. Rattan Kanwar	Dismissed on 04.09.2012
9	HFCL	Gillard Electronics	Dismissed on 01.02.2013
10	HTL	Maria John & Others	Returned by Registry and not resubmitted being settled out of court.
11	HFCL	Union of India	Dismissed on 19-04-2012.
12	HFCL	ITI	Dismissed on 07-07-2012

Show Cause Notices (SCN) Received by our Group Companies

Apart from the above, 17 show cause notices have been received by Himachal Futuristic Communications Limited from Excise / Service Tax authorities for disputed claims aggregating to Rs.1254.26 Lacs as on 31.12.2012.

The details of the show cause notices received by HFCL are as under:

SR. NO.	SCN	SCN ISSUED BY	SCN AGAINST	FORUM IN WHICH SUIT HAS BEEN FILED	ISSUE INVOLVED	AMOUNT INVOLVED (RS. IN LAC APPROX.)	CURRENT STATUS
1.	C.no.V(85)15/CE/ADJ/59/05/5615 dt. 16.12.05	Excise Department	HFCL	Custom Excise Service Tax Appellate Tribunal (**CESTAT**), New Delhi	In respect of disputed liability of Rs.185.46 Lac approx under Central Excise.	185.46	Stay granted up to disposal of Appeal. Matter is pending for hearing before CESTAT. Next date of hearing is awaited.
2.	C.No.V(15)/ADC/P&V/11/05 date 28.11.05	Excise Department	HFCL	CESTAT, New Delhi	In respect of disputed liability of Rs.31.94 Lac approx under Central Excise.	31.94	Stay granted up to disposal of Appeal. Matter is pending for hearing before CESTAT. Next date of hearing is awaited.
3.	C.no.V(85)15/CE/Adj/62/05/231 DT. 17.01.07	Excise Department	HFCL	CESTAT	In respect of disputed liability of Rs.20.00 Lac approx under Central Excise.	20.00	CESTAT given stay vide Order no. 1056/2007 Dt. 07.11.07 after pre-deposit of Rs. 2 Lacs. Matter is pending for hearing before CESTAT. Next date of hearing is awaited.
4.	C.no.V(85)D/S/120/SML/05/10464 DT. 13.10.06	Excise Department	HFCL	-	In respect of disputed liability of Rs.3.86 Lac approx under Central Excise.	3.86	Reply filed with the department on 27.11.06.
5.	C. No .V(85) /D /S /205 /04 /3806 dt.25.04.06	Excise Department	HFCL	Asstt. Commissioner, Central Excise, Shimla	In respect of disputed liability of Rs.1.85 Lac approx under Central Excise.	1.85	Reply submitted. Hearing attended on 11.06.2012 before Asstt. Commissioner, CE Shimla. Decision awaited.

6.	C.No.V(85)15/CE/ Adj/98/09/2045 dt 24.11.09	Excise Department	HFCL	Commissioner, Central Excise, Chandigarh	In respect of disputed liability of Rs.94.18 Lac approx under Central Excise.	94.18	SCN was received on 10.12.09 and reply submitted on 01.01.10. Hearing attended before Commissioner, C.E Chandigarh on 05.08.10. Decision awaited.
7.	C.NoV(85)SCN/AD C(ADT)ADJ/SML/2 5/09/4809 dt. 28.10.09	Excise Department	HFCL	-	In respect of disputed liability of Rs.6.82 Lac approx under Central Excise.	6.82	SCN was received on 03.12.09 and reply submitted on 02.02.10. Hearing was attended on 13.09.10. Decision is awaited.
8.	C.NO V (15) SCN /59 /04 /122 dt. 26.03.04	Excise Department	HFCL	Addl. Commissioner (Tech.) Chandigarh	In respect of disputed liability of Rs.31.32 Lac approx under Central Excise.	31.32	Hearing attended on 28.05.04 before Addl. Commissioner (Tech.) Chandigarh. Decision awaited.
9.	C. No.V(85) D/S /120 /SML /05 /10463dt.13.10.06	Excise Department	HFCL	-	In respect of disputed liability of Rs.3.86 Lac approx under Central Excise.	3.86	Reply filed with the department on 27.11.06.
10.	C. No.V(15) SCN /78/ 2004 /497 dt. 01.02.07	Excise Department	HFCL	Commissioner, Chandigarh	In respect of disputed liability of Rs.387.81 Lac approx under Central Excise.	387.81	Reply submitted on 07.06.2007. Decision awaited.
11.	C.No. V(15) SCN/ 79/04 /612 date 25.07.05	Excise Department	HFCL	CESTAT, New Delhi	In respect of disputed liability of Rs.37.37 Lac approx under Central Excise.	37.37	Stay granted up to disposal of Appeal. Matter is pending for hearing before CESTAT. Next date of hearing is awaited.
12.	V(Misc)17/PA/HFC L/03/SML/99/Pt/27 71 dt. 26.02.04	Excise Department	HFCL	CESTAT, New Delhi.	In respect of disputed liability of Rs.9.11 Lac approx under Central Excise.	9.11	Stay granted up to disposal of Appeal. Matter is pending for hearing before CESTAT. Next date of hearing is awaited.
13.	V(ST)ADC/ADJ/CH D/19/07/369 Dt. 24.03.08	Excise & Service Tax Department	HFCL	CESTAT, New Delhi.	In respect of disputed liability of Rs.12.78 Lac approx under Service Tax.	12.78	Stay granted up to disposal of Appeal. Matter is pending for hearing before CESTAT. Next date of hearing is awaited.
14.	V(ST)ADC/ADJ/CH D/19/07/1048 Dt. 09.05.08	Excise & Service Tax Department	HFCL	CESTAT, New Delhi.	In respect of disputed liability of Rs.1.20 Lac approx under Service Tax.	1.20	Stay granted up to disposal of Appeal. Matter is pending for hearing before CESTAT. Next date of hearing is awaited.
15.	V(16)D/S/199/09/2 756 dated 22.04.10	Excise & Service Tax Department	HFCL	-	In respect of disputed liability of Rs.0.21 Lac approx under Service Tax.	0.21	Reply submitted. Decision is awaited.
16.	V(STC)15/CE/ADJ/ 185/2010/11931 dated 20.10.2010	Excise & Service Tax Department	HFCL	CESTAT	In respect of disputed liability of Rs.140.68 Lac approx under Service Tax.	140.68	Stay granted up to disposal of Appeal.Matter is pending for hearing before CESTAT. Next date of hearing is awaited.
17.	V(STC)15/CE/ADJ/ 07/2011/610 dated 15.04.2011	Excise & Service Tax Department	HFCL	CESTAT	In respect of disputed liability of Rs.285.81 Lac approx under Service Tax.	285.81	Stay granted up to disposal of Appeal. Matter is pending for hearing before CESTAT. Next date of hearing is awaited.

REGULATORY ACTION UNDER SEBI ACT AGAINST OUR GROUP COMPANY - HFCL

i) SEBI had issued a show cause notice Under Section 11(4)(b) and 11B of the SEBI Act 1992 read with Regulation 11 of SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 against the promoters and associates of Himachal Futuristic Communications Limited for the alleged violation of the provisions of Regulation 4 of the SEBI (PFUTP) Regulations, 1995 for the transactions pertaining to the period from October 1999 to March 2001. This matter was settled by way of a Consent Process and a Consent Order dated January 28, 2010 was passed by SEBI disposing of the proceedings under Section 11(4)(b) and 11 B of the SEBI Act, 1992 read with Regulation 11 of the PFUTP Regulations, 2003.

G. DETAILS OF RELATED PARTY TRANSACTIONS

The details of all the related party transactions as on September 30,2012 are as under:

STATEMENT OF RESTATED STANDALONE RELATED PARTY TRANSACTIONS

As per Accounting Standard (AS-18) on related party disclosures issued by the ICAI, the disclosures of transaction with related partries are as follows:

Party	Relationship	Remarks
DigiVision Holdings Private Limited	Holding	from 26th Jan 2012
Media Matrix Holdings Private Limited (formerly Digicall Holdings Private Limited)	Subsidiary	from 5th March 2012
DigiVive Services Private Limited	Subsidiary	from 31st March 2012
DigiCall Teleservices Private Limited	Subsidiary	from 31st March 2012
nexG Devices Private Limited	Subsidiary	from 5th March 2012
Digicall Global Private Limited	Fellow Subsidiary(Subsidiary of DigiCall Teleservices Private Limited)	from 22nd Feb 2012
Digivision Wireless Private Limited	Fellow Subsidiary	from 28th March 2012
Key Management Personnel		
Mrs. Priyanka Vedmehta	Managing Director	ceased on 1st Oct 2011
Mr. BB Chugh	Director (Finance)	from 26th Jan 2012
Mr. Sunil Batra	Managing Director	from 31st March 2012
M/s. Mobile Telecommunications Ltd.	CMD's relatives are Directors	ceased on 26th Jan 2012
M/s. Vimochan Pictures Ltd.	CMD is Director	ceased on 1st Oct 2011
Quantum E Services P Ltd.	CMD and her relatives are Directors	ceased on 26th Jan 2012
Proximus Know. & Tech. Services Pvt. Ltd.	Subsidiary	ceased During FY-2009-10
Microwave Communications Limited	Under Common Control of KMP's	from 31st March 2012
Smart Digivision Private Limited	Under Common Control of KMP's	from 31st March 2012
Smart BroadBand Services Pvt. Ltd	Under Common Control of KMP's	from 31st March 2012
Digivision Entertainment Pvt. Ltd.	Under Common Control of KMP's	from 31st March 2012
Intouch Infotech Services Private Limited	Under Common Control of KMP's	from 31st March 2012
Relatives of Key Management Personnel		
Mr. Anil B. Vedmehta		ceased on 26th Jan 2012

Statement of Restated Related Party Transactions on a standalone basis **(Rs. in Lacs)**

Sr. No.	Name of Party	Relationship	Nature of Transaction	Volume of Transaction during the Period Sept 30, 12	Amount Outstanding as on 30th Sept 2012	Volume of Transaction during the Period 2011-12	Amount Outstanding as on 31st March 2012	Volume of Transaction during the Period 2010-11	Amount Outstanding as on 31st March 2011
1	Mrs. Priyanka Vedmehta	Managing Director	Remuneration	-	-	-	-	-	-
2	M/s. Mobile Telecommunications Ltd.	CMD's relatives are Directors	Amount Received / Receivable	-	-	-	-	15.81	-
			Amount Paid / Payable	-	-	262.03	-	319.70	-
3	M/s. Vimochan Pictures Ltd.	CMD is Director	Purchase / Payable	-	-	-	-	-	-
			Sales / Receivable	-	-	-	-	-	-
4	M/s. Quantum E Services P Ltd.	CMD and her relatives are Directors	Amount Received / Receivable	-	-	-	-	-	-
			Amount Paid / Payable	-	-	18.10	-	0.10	18.10

5	M/s. Proximus Knowledge & Technology Services Pvt.Ltd.	Subsidary	Amount Received / Receivable	-	-	-	-	-	-
			Amount Paid / Payable	-	-	-	-	-	16.80
6	Mr. Anil B. Vedmehta	Relatives of KMPs	Amount Received / Receivable	-	-	-	-	0.20	-
			Amount Paid / Payable	-	-	187.04	-	71.24	165.42
7	DigiVision Holding Private Limited	Holding	Debit note raised	-	-	28.54	-	-	-
			Amount Received / Receivable	1727.00	-	100.00	-	-	-
			Amount Paid / Payable	1654.50	187.34	13.70	114.84	-	-
8	Media Matrix Holdings Private Limited (formerly Digicall Holdings Private Limited)	Subsidiary	Investment Made	-	-	199.00	-	-	-
			Amount Received / Receivable	-	1.00	-	1.00	-	-
			Amount Paid / Payable	-	-	1.00	-	-	-
9	DigiVive Services Private Limited	Subsidiary	Debit note raised on us	62.09	-	2.00	-	-	-
			Debit note raised by us	0.31	-	-	-	-	-
			Investment Made	-	-	2449.50	-	-	-
			Amount Received / Receivable	-	-	15.00	49.50	-	-
			Amount Paid / Payable	-	12.28	66.50	-	-	-
10	DigiCall Teleservices Private Limited	Subsidiary	Debit note raised on us	160.27	-	80.11	-	-	-
			Investment Made		-	2009.99	-	-	-
			Amount Received / Receivable	185.00	34.63	-	9.90		
			Amount Paid / Payable	-	-	90.01	-	-	-
11	nexG Devices Private Limited	Subsidiary	Debit note raised on us	47.23	-	-	-	-	-
			Debit note raised by us	1,422.43	-	-	-	-	-
			Investment Made	-	-	1.00	-	-	-
			Sale of Goods	418.32					
			Purchase of Equity Shares	498.00	-	-	-	-	-
			Amount Received / Receivable	1312.69	800.73	-	643.40	-	-
			Amount Paid / Payable	174.50	-	643.40	-	-	-

Sr. No.	Name of Party	Relationship	Nature of Transaction	Volume of Transaction during the Period 2009-10	Amount Outstanding as on 31st March 2010	Volume of Transaction during the Period 2008-09	Amount Outstanding as on 31st March 2009	Volume of Transaction during the Period 2007-08	Amount Outstanding as on 31st March 2008
1	Mrs. Priyanka Vedmehta	Managing Director	Remuneration	-	-	6.00	-	6.00	-
2	M/s. Mobile Telecommunications Ltd.	CMD's relatives are Directors	Amount Received / Receivable	27.48	-	5.02	-	647.11	-
			Amount Paid / Payable	57.37	303.89	111.57	333.78	355.30	227.22
3	M/s. Vimochan Pictures Ltd.	CMD is Director	Purchase / Payable	424.39	77.74	704.90	34.10	739.01	0.00
			Sales / Receivable	380.75	0.00	624.72	0.00	421.22	45.93
4	M/s. Quantum E Services P Ltd.	CMD and her relatives are Directors	Amount Received / Receivable	18.33	0.00	36.66	0.00	216.61	0.00
			Amount Paid / Payable	0.13	18.20	36.66	0.00	214.75	1.86
5	M/s. Proximus Knowledge & Technology Services Pvt. Ltd.	Subsidary	Amount Received / Receivable	0.35	0.00	17.00	0.00	40.00	0.00
			Amount Paid / Payable	0.00	16.80	0.55	16.45	40.00	0.00

6	Mr. Anil B. Vedmehta	Relatives of KMPs	Amount Received / Receivable	0.60	0.00	9.90	0.00	473.30	0.00
			Amount Paid / Payable	71.28	236.46	2.25	307.14	155.31	317.99
7	DigiVision Holdings Private Limited	Holding	Debit note raised	NA	NA	NA	NA	NA	NA
			Amount Received / Receivable	NA	NA	NA	NA	NA	NA
			Amount Paid / Payable	NA	NA	NA	NA	NA	NA
8	Media Matrix Holdings Private Limited (formerly Digicall Holdings Private Limited)	Subsidiary	Investment Made	NA	NA	NA	NA	NA	NA
			Amount Received / Receivable	NA	NA	NA	NA	NA	NA
			Amount Paid / Payable	NA	NA	NA	NA	NA	NA
9	DigiVive Services Private Limited	Subsidiary	Debit note raised on us	NA	NA	NA	NA	NA	NA
			Debit note raised on by	NA	NA	NA	NA	NA	NA
			Investment Made	NA	NA	NA	NA	NA	NA
			Amount Received / Receivable	NA	NA	NA	NA	NA	NA
			Amount Paid / Payable	NA	NA	NA	NA	NA	NA
10	DigiCall Teleservices Private Limited	Subsidiary	Debit note raised on us	NA	NA	NA	NA	NA	NA
			Debit note raised by us	NA	NA	NA	NA	NA	NA
			Investment Made	NA	NA	NA	NA	NA	NA
			Amount Received / Receivable	NA	NA	NA	NA	NA	NA
			Amount Paid / Payable	NA	NA	NA	NA	NA	NA
11	nexG Devices Private Limited	Subsidiary	Debit note raised on us	NA	NA	NA	NA	NA	NA
			Debit note raised on by	NA	NA	NA	NA	NA	NA
			Investment Made	NA	NA	NA	NA	NA	NA
			Amount Received / Receivable	NA	NA	NA	NA	NA	NA
			Amount Paid / Payable	NA	NA	NA	NA	NA	NA

**NA refer to Not Applicable*

Related Party Transactions on a consolidated basis:

(a) Transactions with Related Parties **Amount in (Rs.)**

Sr. No.	Name of Party	Relationship	Nature of Transaction	Volume of Transaction during the Period 2012-13	Amount Outstanding as on 30th Sept 2012	Volume of Transaction during the Period 2011-12	Amount Outstanding as on 31st March 2012	Volume of Transaction during the Period 2008-09	Amount Outstanding as on 31st March 2009	Volume of Transaction during the Period 2007-08	Amount Outstanding as on 31st March 2008
1	Mrs. Priyanka Vedmehta	Managing Director	Remuneration					6.00		6.00	
2	M/s. Mobile Telecommunications Ltd., M/s. Vimochan Pictures Ltd., M/s.Quantum E-Services P Ltd.	CMD and CMD's relatives are Directors	Amount Received / Receivable					1,031.52		863.72	45.93
			Amount Paid / Payable			280.13		119.94	299.67	570.05	229.08
			Sales					877.62		421.22	
			Purchase					70.49		739.01	
3	M/s. Proximus Know. & Tech. Services Pvt. Ltd.	Subsidiary	Amount Received / Receivable Amount Paid / Payable								

4	Mr. Anil B. Vedmehta	Relatives of KMPs	Amount Received / Receivable					24.98		693.93	489.38
			Amount Paid / Payable			187.04		17.33	307.14	1,183.31	
5	DigiVision Holdings Private Limited	Holding	Debit note raised by company			28.54					
			Amount Received / Receivable	1,388.00		100.00					
			Amount Paid / Payable	1,654.50	1,402.84	13.70	114.84				
6	Digivision Wireless Private Limited	Fellow Subsidiary	Debit note raised by company								
			Investment Made								
			Amount Received / Receivable		1.99		1.99				
			Amount Paid / Payable			1.99					
7	Microvave Communications Limited	Common Control of KMP's	Debit note raised by company	119.73		100.93					
			Investment Made								
			Amount Received / Receivable		356.26		228.96				
			Amount Paid / Payable	0.16		33.29					
8	Smart Digivision Private Limited	Common Control of KMP's	Debit note raised								
			Investment Made								
			Amount Received / Receivable		33.60		33.80				
			Amount Paid / Payable			61.19					
9	Intouch Infotech Services Private Limited	Common Control of KMP's	Debit note raised								
			Investment Made								
			Amount Received / Receivable	75.00							
			Amount Paid / Payable		75.00						
10	Smart Broadband Services Private Limited	Common Control of KMP's	Debit note raised			84.38					
			Investment Made								
			Amount Received / Receivable				84.38				
			Amount Paid / Payable								

Note:

It may be noted that the party-wise break-up of the Related Parties transactions pertaining to companies in which Directors are interested is not available so far consolidated financials of MMWL for FY2007-08 and FY2008-09 is concerned and the amount shown above has been reflects the transaction amount on consolidated basis.

Party wise breakup of the Companies under KMPs, outstanding as at March 31, 2012 is as under:

Sl.No.	Name of the Company	Nature of transaction	Amount in Rs.
1.	Microwave Communication Ltd. Microwave Communication Ltd.	Debit Note raised by Company Loan Given	10,093,451 3,329,425
2.	Smart Digivision Pvt. Ltd	Loan Given	6,118,916
3.	Smart Broadband Service Pvt. Ltd.	Debit Note raised by Company	8,437,950

II. OUR BUSINESS

A. Summary of Our Business : Shareholders are requested to refer to the section “Our Business” beginning on Page No. 52 of the Letter of Offer.

B. Industry Overview: Shareholders are requested to refer to the section “Industry Overview” beginning on Page No. 98 of the Letter of Offer.

C. Key Industrial Regulations and Policies : Shareholders are requested to refer to the section “ Key Industrial Regulations and Policies” beginning on Page No. 120 of the Letter of Offer.

D. Government and Other Approvals : Shareholders are requested to refer to the section “ Government and Other Approvals” beginning on Page No. 239 of the Letter of Offer.

III FINANCIAL INFORMATION

A. **Summary statement of Assets and Liabilities, as restated, on a standalone basis is given below:** **(Rs. in Lacs)**

PARTICULARS	**30-Sep-12**	**31-Mar-12**	**31-Mar-11**	**31-Mar-10**	**31-Mar-09**	**31-Mar-08**
Non-Current Assets						
Fixed Assets						
(i)Tangible Assets	13.52	6.14	42.34	62.74	83.15	103.40
(ii)Intangible Assets	-	-	-	-	-	-
Non-Current Investments	5,157.49	4,659.49	524.71	574.71	909.49	909.49
Long-Term Loans and Advances	-	-	-	-	-	-
Sub - Total - 1	**5,171.01**	**4,665.63**	**567.05**	**637.45**	**992.64**	**1,012.89**
Current Assets						
Trade Receivables	1,486.16	176.64	442.90	856.03	500.33	637.34
Cash And Bank Balance:						
Cash on Hand	2.08	2.08	0.35	0.22	0.64	7.45
Balance With Bank:						
In Current Accounts	36.64	80.09	0.37	87.08	0.27	(6.55)
In Fixed Deposits - Margin Money						
- Less Than 1 Year	-	-	-	0.31	75.28	-
- More Than 1 Year	59.77	87.98	87.19	-	0.31	0.31
Short-Term Loans and Advances	637.05	925.17	231.00	241.26	299.07	7,874.58
Other Current Assets	73.77	55.59	35.07	4.79	16.68	10.22
Sub - Total - 2	**2,295.47**	**1,327.55**	**796.88**	**1,189.69**	**892.58**	**8,523.35**
Non-Current Liabilities						
Long-Term Borrowings	4.09	5,000.00	-	-	-	-
Deferred Tax Liabilities	0.22	0.39	4.17	8.18	9.64	4.20

Long-Term Provisions						
Provision for Leave Encashment	4.12	0.01	-	-	-	-
Provision for Gratuity	0.85	0.00	-	-	-	-
Sub - Total - 3	**9.28**	**5,000.40**	**4.17**	**8.18**	**9.64**	**4.20**
Current Liabilities						
(A) Short-Term Borrowings	209.81	137.31	223.12	598.14	680.17	8,077.70
(B) Trade Payables	1,429.96	178.82	173.10	281.80	270.52	538.54
(C) Other Current Liabilities	4,331.35	13.14	17.55	-	-	-
(D) Short-Term Provisions	277.09	34.31	19.98	14.34	9.00	7.23
Sub - Total - 4	**6,248.21**	**363.58**	**433.75**	**894.28**	**959.69**	**8,623.47**
Share Application Money Pending Allotment - 5	-	-	-	-	-	-
Net Worth - 1 + 2 - 3 - 4 - 5	**1,208.99**	**629.20**	**926.01**	**924.68**	**915.89**	**908.57**
Particulars						
Shareholders' Funds						
(A) Share Capital						
Issued, Subscribed and Paid Up Share Capital - Comprising of Equity Shares of Re. 1 Each	1,008.65	808.65	808.65	808.65	808.65	808.65
(B) Reserves and Surplus						
Securities Premium Reserve	416.56	158.40	158.40	158.40	158.40	158.40
Debit Balance of Statement of Profit and Loss Account	(216.22)	(337.85)	(41.04)	(42.37)	(51.16)	(58.48)
Net Worth (A+B)	**1,208.99**	**629.20**	**926.01**	**924.68**	**915.89**	**908.57**

Working:-

Other Current Assets **(Rs. In Lacs)**

PARTICULARS	**30-Sep-12**	**31-Mar-12**	**31-Mar-11**	**31-Mar-10**	**31-Mar-09**	**31-Mar-08**
Prepaid Expenses	0.47	0.08	0.00	0.00	0.00	0.00
Interest accrued but not due	10.50	12.63	10.78	4.79	16.68	10.22
Service tax recoverable	4.32	1.03	0.00	0.00	0.00	0.00
TDS recoverable	58.48	41.85	24.29	0.00	0.00	0.00
Total	**73.77**	**55.59**	**35.07**	**4.79**	**16.68**	**10.22**

Other Current Liabilities

PARTICULARS	**30-Sep-12**	**31-Mar-12**	**31-Mar-11**	**31-Mar-10**	**31-Mar-09**	**31-Mar-08**
Current Maturities of Long term borrowings	4,307.18	-	-	-	-	-
TDS Payable	5.85	11.18	0.19	-	-	-
Service tax Payable	-	1.59	17.36	-	-	-
Employees Payable	16.66	0.37	-	-	-	-
PF & Other Payable	1.66	-	-	-	-	-
Total	**4,331.35**	**13.14**	**17.55**	**-**	**-**	**-**

B. STATEMENT OF RESTATED STANDALONE PROFITS AND LOSSES **(Rs. In Lacs)**

	PARTICULARS	**30-Sep-12**	**31-Mar-12**	**31-Mar-11**	**31-Mar-10**	**31-Mar-09**	**31-Mar-08**
1	Revenue From Operations:						
	Sales	3,213.11	161.26	890.07	1,393.43	1,603.21	1,875.96
	Services	526.55	151.15	-	-	-	-
	Sub - Total	3,739.66	312.41	890.07	1,393.43	1,603.21	1,875.96
2	Other Income	4.62	7.58	90.98	0.02	44.86	18.40
3	**Total Revenue(1+2)**	**3,744.28**	**319.99**	**981.05**	**1,393.45**	**1,648.07**	**1,894.36**
4	Expenses:						
	Cost of Materials Consumed	3,096.70	155.97	954.13	1,352.64	1,552.09	1,716.80
	Employee Benefits Expense:						

	Salaries and Wages	194.37	53.73	0.22	2.52	18.11	22.72
	Contribution to Provident and Other Funds	5.16	0.01	-	-	-	-
	Staff Welfare Expenses	0.36	0.24	-	-	0.12	-
	Finance Costs:						
	Interest Expense	0.05	-	-	0.23	36.61	10.37
	Other Borrowing Costs	0.29	5.07	0.14	-	-	-
	Depreciation and Amortization Expense	0.56	14.12	20.41	20.41	20.40	196.34
	Other Expenses	-	-	-	-	-	-
	Operating Expenses	-	-	-	-	-	-
	Administrative and Other Expenses	266.71	367.56	3.19	4.88	6.20	56.03
	Selling and Distribution Expenses	2.20	0.20	-	-	-	-
5	**Total Expenses**	**3,566.40**	**596.90**	**978.09**	**1,380.68**	**1,633.53**	**2,002.26**
6	**Profit Before Exceptional and Extraordinary Items and Tax(4-5)**	**177.88**	**(276.91)**	**2.96**	**12.77**	**14.54**	**(107.90)**
7	**Exceptional Items**	**-**	**(12.07)**	**-**	**-**	**-**	**-**
8	**Profit Before Extraordinary Items and Tax (6-7)**	**177.88**	**(288.98)**	**2.96**	**12.77**	**14.54**	**(107.90)**
9	**Loss Before Tax**	**177.88**	**(288.98)**	**2.96**	**12.77**	**14.54**	**(107.90)**
10	**Tax Expense:**						
	(1) Current Tax	56.39	11.60	5.64	5.44	1.68	0.25
	(2) Fringe Benefit Tax	-	-	-	-	0.10	0.21
	(3) Deferred Tax	(0.16)	(3.78)	(4.01)	(1.45)	5.44	(37.01)
11	**Profit/Loss for the Year (9-10)**	**121.65**	**(296.80)**	**1.33**	**8.78**	**7.32**	**(71.35)**
	Earnings per Equity Share (in Rupees):						
	(1) Basic	0.14	(0.37)	0.00	0.01	0.01	(0.09)
	(2) Diluted	0.05	(0.37)	0.00	0.01	0.01	(0.09)

C. STATEMENT OF RESTATED STANDALONE CASH FLOW **(Rs. in Lacs)**

PARTICULARS	30-Sep-12	31-Mar-12	31-Mar-11	31-Mar-10	31-Mar-09	31-Mar-08
Cash Flow from Operating Activities						
Profit before Tax	177.88	(288.98)	2.96	12.77	14.54	(107.90)
Adjustments for :						
(Profit)/Loss on sale of Fixed Assets	-	12.07	-	-	-	-
Depreciation and Amortisation	0.56	14.12	20.41	20.41	20.40	196.34
Other Income	(2.86)	(7.58)	(90.98)	(0.02)	(44.86)	(18.40)
Interest and Financial Charges	26.48	5.07	0.14	0.23	36.61	10.37
Miscellaneous Expenditure Written off	-	-	-	-	-	4.46
Operating Profit before Working Capital Changes	**202.06**	**(265.30)**	**(67.47)**	**33.39**	**26.69**	**84.87**
Adjustments for :						
Inventories	-	-	-	-	-	140.85
Trade & Other Receivables	(1,039.57)	266.26	413.12	(355.71)	137.01	838.78
Loan & Advances	-	(714.70)	(20.02)	69.71	(268.01)	(760.65)
Trade & Other Payables (Including CC Limit)	1,482.95	0.79	(91.24)	29.37	7,569.04	(7,478.61)
Cash Generated from Operations	**645.44**	**(712.95)**	**234.39**	**(223.24)**	**7,464.73**	**(7,174.76)**
Tax Paid (Net of Refund)	(29.44)	(17.57)	-	-	-	-
Net Cash Flow from Operating Activities	**616.00**	**(730.52)**	**234.39**	**(223.24)**	**7,464.73**	**(7,174.76)**
Cash Flow from Investing Activities (A)						
Sale of Investment	-	524.71	50.00	334.79	-	-
Proceeds from Sale of Fixed Assets	-	10.00	-	-	-	-
Purchase of Investment	(498.00)	(4,659.49)	-	-	-	(905.50)
Purchase of Fixed Assets	(7.94)	-	-	-	(0.15)	(4.99)
Interest Income	2.86	7.58	90.98	0.02	44.86	18.40
Net Cash Flow from Investing Activities (B)	**(503.08)**	**(4,117.20)**	**140.98**	**334.81**	**44.71**	**(892.09)**
Cash Flow from Financing Activities						
Proceeds from Unsecured Term Loans	(688.73)	5,000.00	-	-	-	8,077.70
Proceeds from Unsecured Short term Loans	72.50	(67.71)	-	-	-	-
Premium on redemption	(215.69)					
Payment of Unsecured Loans	-	-	(374.93)	(100.23)	(7,397.54)	-

Issue of Share Capital	200.00					
Increase in Security Premium (net off share issue expense)	473.86					
Interest Paid	(26.48)	(2.33)	(0.14)	(0.23)	(36.61)	(10.37)
Net Cash Flow from Financing Activities (C)	**(184.54)**	**4,929.96**	**(375.07)**	**(100.46)**	**(7,434.15)**	**8,067.33**
Net (Decrease) / (Increase) in Cash and Cash Equivalents (A+B+C)	**(71.62)**	**82.24**	**0.30**	**11.11**	**75.29**	**0.48**
Cash and Cash Equivalents at the Beginning of the Year	**170.15**	**87.91**	**87.61**	**76.50**	**1.21**	**0.73**
Cash and Cash Equivalents at the end of the Year	**98.53**	**170.15**	**87.91**	**87.61**	**76.50**	**1.21**

Notes:

1. The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in Accounting Standard -3 Cash Flow Statement
2. Figures in brackets indicate cash outflow
3. **Cash & Cash Equivalents represents:** **(Rs. in Lacs)**

	30-Sep-12	31-Mar-12	31-Mar-11	31-Mar-10	31-Mar-09	31-Mar-08
Cash in Hand	2.08	2.08	0.35	0.22	0.64	7.45
Cheques in Hand	-	-	-	-	-	-
Balances With Scheduled Banks	-	-	-	-	-	-
In Current Accounts	36.65	80.09	0.37	87.08	0.27	(6.55)
In Fixed Deposits	59.78	87.98	87.19	0.31	75.59	0.31
	98.53	**170.15**	**87.91**	**87.61**	**76.50**	**1.21**

D. STATEMENT OF RESTATED CONSOLIDATED ASSETS AND LIABILITIES **(Rs. in Lacs)**

Particulars	30-Sep-12	31-Mar-12	31-Mar-09	31-Mar-08
Non-Current Assets				
Fixed Assets				
(i)Tangible Assets	4,158.52	2,982.94	525.58	702.57
(ii)Intangible Assets	2,718.15	1,869.08	-	-
(iii)Capital Work-in-Progress	348.54	378.40	11.44	11.44
Deferred Tax Assets				
Non - Current Investments	402.03	402.03	24.71	298.76
Long-Term Loans and Advances	1,257.57	814.12	53.62	188.12
Sub - Total - 1	**8,884.81**	**6,446.57**	**615.35**	**1,200.89**
Current Assets				
Current Investments	-	-	-	-
Inventories	705.59	505.31	0.53	0.53
Trade Receivables	4,584.14	1,917.94	501.03	637.91
Cash And Bank Balance:				
Cash on Hand	6.15	3.55	2.57	10.60
Balance With Bank:				
In Current Accounts	309.07	322.33	3.75	(9.50)
In Fixed Deposits - Margin Money				
Less Than 1 Year	16.81	544.77	83.85	-
More Than 1 Year	76.22	104.50	0.31	8.88
Short-Term Loans and Advances	332.73	612.37	1,567.15	8,737.49
Other Current Assets	922.04	975.78	16.68	10.22
Sub - Total - 2	**6,952.75**	**4,986.55**	**2,175.87**	**9,396.13**
Non-Current Liabilities				
Long-Term Borrowings	4,311.54	5,265.38	-	-
Deferred Tax Liabilities	19.27	38.51	9.64	4.20
Other Long Term Liabilities	-	-	-	-
Long-Term Provisions				
Provision for Leave Encashment	36.51	30.70	-	-
Provision for Gratuity	62.19	51.83	-	-
Sub - Total - 3	**4,429.51**	**5,386.42**	**9.64**	**4.20**

Current Liabilities				
(A) Short-Term Borrowings	289.50	1,818.44	663.72	8,078.04
(B) Trade Payables	3,019.22	1,648.39	363.27	726.43
(C) Other Current Liabilities	7,434.33	1,220.28	-	-
(D) Short-Term Provisions	568.16	41.18	9.08	7.22
Sub - Total - 4	**11,311.21**	**4,728.29**	**1,036.07**	**8,811.69**
Share Application Money Pending Allotment - 5	**-**	**-**	**-**	**-**
Minority Interest-6	**-**	**711.86**	**867.78**	**891.00**
Net Worth - 1 + 2 - 3 - 4 - 5 - 6	**96.84**	**606.55**	**877.73**	**890.13**
Shareholders' Funds				
(A) Share Capital				
Issued, Subscribed and Paid Up Share Capital - Comprising of Equity Shares of Rs 1 Each	1,008.65	808.65	808.65	808.65
(B) Reserves and Surplus				
Securities Premium Reserve	416.55	158.40	158.40	158.40
Debit Balance of Statement of Profit and Loss Account	(1,328.36)	(360.50)	(131.25)	(118.86)
Capital Reserve	-	-	41.93	41.93
Net Worth(A+B)	**96.84**	**606.55**	**877.73**	**890.13**

E. STATEMENT OF RESTATED CONSOLIDATED PROFITS AND LOSSES **(Rs. in Lacs)**

	Particulars	**30-Sep-12**	**31-Mar-12**	**31-Mar-09**	**31-Mar-08**
1	**Revenue From Operations:**				
	Sales	11,781.96	1,016.47	1,603.21	1,875.96
	Services	3,282.22	13.06	246.13	55.90
	Sub - Total	**15,064.18**	**1,029.53**	**1,849.34**	**1,931.86**
2	Other Income	107.77	7.68	92.75	19.23
3	**Total Revenue (1+2)**	**15,171.95**	**1,037.21**	**1,942.09**	**1,951.09**
4	**Expenses:**				
	Cost of Materials Consumed	10,350.30	795.85	1,552.09	1,716.81
	Employee Benefits Expense:				
	Salaries and Wages	2,572.79	106.71	22.39	24.48
	Contribution to Provident and Other Funds	225.32	2.07	-	-
	Staff Welfare Expenses	92.67	0.57	0.12	-
	Finance Costs:				
	Interest Expense	137.09	-	36.45	9.86
	Other Borrowing Costs	41.77	5.45	0.26	0.57
	Depreciation and Amortization Expense	263.13	14.35	169.47	257.17
	Other Expenses				
	Net Gain or Loss on Foreign Currency Transaction and Translation (Other than considered as Finance Cost)	5.84	-	-	-
	Operating Expenses	396.03	-	-	-
	Administrative and Other Expenses	1,655.20	383.91	193.15	109.24
	Selling and Distribution Expenses	354.35	28.03	-	42.69
	Total Expenses	16,094.49	1,336.94	1,973.93	2,160.82
5	**Profit Before Exceptional and Extraordinary Items and Tax (3-4)**	**(922.54)**	**(299.73)**	**(31.84)**	**(209.73)**
6	Exceptional Items	0.72	12.07	-	-
7	Profit Before Extraordinary Items and Tax (5-6)	(923.26)	(311.80)	(31.84)	(209.73)
8	Loss Before Minority Interest and Tax	(923.26)	(311.80)	(31.84)	(209.73)
9	Minority Interest for the year	-	-	(23.21)	(50.88)
10	Loss Before Tax	(923.26)	(311.80)	(8.63)	(158.85)
11	Tax Expense:				
	(1) Current Tax	56.39	11.60	1.68	0.25
	(2) Fringe Benefit Tax	-	-	0.19	0.21
	(3) Deferred Tax	(19.24)	(3.94)	5.43	(37.01)

12	Profit/Loss for the Year (10-11)	(960.41)	(319.46)	(15.93)	(122.30)
	Earnings per Equity Share (In Rupees): (1) Basic	(1.11)	(0.37)	(0.02)	(0.15)
	Earnings per Equity Share (In Rupees): (2) Diluted	(1.11)	(0.37)	(0.02)	(0.15)

F. STATEMENT OF RESTATED CONSOLIDATED CASH FLOW **(Rs. in Lacs)**

Particulars	**30-Sep-12**	**31-Mar-12**	**31-Mar-09**	**31-Mar-08**
Cash Flow from Operating Activities				
Profit/(Loss) for the year before Tax	(923.23)	(311.80)	(31.84)	(209.06)
Adjustments for:				
(Profit)/Loss on Sold/Discarded Fixed Assets	0.72	12.07	(47.25)	-
Depreciation and Amortisation	263.13	14.35	169.47	257.17
Dividend Income	-	-	(0.36)	(0.69)
Interest and Financial Charges Stock Reserve	178.86 (8.24)	5.45 -	36.45 -	9.86 -
Misc Exp. Written off	0.77	-	3.53	5.46
Provision for doubtful debts	4.45	-	-	-
Amount written back	0.44	-	-	-
Interest Income	(38.66)	(7.68)	(45.14)	(18.53)
Operating Profit before Working Capital Changes	**(521.76)**	**(287.61)**	**84.86**	**44.21**
Changes in assets and Liabilities				
Decrease/(Increase) in Inventories	(200.28)	(505.31)	-	140.31
(Increase)/ Decrease in Trade & Other Receivables	(2,782.67)	(3,593.68)	136.89	838.20
(Increase)/ Decrease in Loans & Advances and Other Assets	-	-	7,281.93	(8,540.06)
Increase/(Decrease) in Trade & Other Payables	7,873.02	2,787.59	(363.17)	(572.76)
Cash Provided by operating activities after tax	**4,368.31**	**(1,599.01)**	**7,140.51**	**(8,090.10)**
Tax Paid (Net of Refund)	(29.44)	(17.57)	-	-
Net Cash Provided by Operating Activities (A)	**4,338.87**	**(1,616.58)**	**7,140.51**	**(8,090.10)**
Cash Flow from Investing Activities				
Proceeds from Sale of Investment	-	524.71	274.05	-
Proceeds from Sale of Fixed Assets	0.39	10.00	60.00	8.30
Increase in Investment	-	(402.03)	-	(294.77)
Purchase/Increase in Goodwill	(894.23)	-	-	-
Purchase of CWIP	-	-	-	(11.43)
Purchase/Increase in Fixed Assets	(1,364.81)	(5,224.51)	(5.24)	(673.28)
Dividend Income	-	-	0.36	0.69
Interest Income	40.18	7.68	45.14	18.53
Net Cash Flow from Investing Activities (B)	**(2,218.47)**	**(5,084.15)**	**374.31**	**(951.96)**
Cash Flow from Financing Activities				
Issue of share capital	200.00	-	-	-
Increase in Security Premium	494.00	-	-	-
Proceeds/Increase in Long Term Loan	(953.84)	5,265.38	-	-
Proceeds/Increase in Short term Loans	(1,528.93)	1,613.42	(7,397.87)	8,078.04
Minority Interest	(711.87)	711.87	-	941.21
Change in Capital Reserve	-	-	-	41.93
Finance Cost Paid	(186.64)	(2.71)	(36.45)	(9.86)
Net Cash Flow from Financing Activities (C)	**(2,687.28)**	**7,587.96**	**(7,434.32)**	**9,051.32**
Net (Decrease) / Increase in Cash and Cash Equivalents (A+B+C)	**(566.88)**	**887.23**	**80.50**	**9.26**
Cash and Cash Equivalents at the Beginning of the Year	**975.14**	**87.91**	**9.99**	**0.73**
Cash and Cash Equivalents at the end of the Year	**408.26**	**975.14**	**90.49**	**9.99**

Notes:

1. **The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in Accounting Standard -3 Cash Flow Statement**
2. **Figures in brackets indicate cash outflow**
3. **Cash & Cash Equivalents represents:**

(Rs. In Lacs)

Particulars	30-Sep-12	31-Mar-12	31-Mar-09	31-Mar-08
Cash in Hand	6.16	3.55	2.57	10.60
Cheques in Hand	-	-	-	-
Balances With Scheduled Banks				
- In Current Accounts	309.07	322.33	3.75	(9.50)
- In Fixed Deposits	93.03	649.26	84.16	8.88
	408.26	**975.14**	**90.49**	**9.99**

For further details regarding Notes to Accounts, significant accounting policies and Annexures to the financial statements, please refer to the section "Financial Information" beginning on Page 160 of the Letter of Offer.

G. MANAGEMENT DISCUSSION AND ANALYSIS OF THE FINANCIAL STATEMENTS

Business Overview

We are currently into trading of mobile handsets/ software development for next generation value added services and providing technical and support services to third parties in India. Currently, the Company is into procurement and distribution of mobile handsets directly and through its wholly owned subsidiary, NDPL. MMWL has also entered into distributorship agreement on March 31, 2012 with Pantel Technologies Private Limited, a company engaged in the business of design, manufacture and sale of various Penta branded tablets, for distribution of the same in India. Post takeover by DHPL, media and content business is also expected to be continued by the Company either directly or through its Subsidiaries.

Acquisition by DHPL was made to make investments in next generation businesses including contents and Media businesses which are expected to have substantial growth over the next decade on account of rising demand from online and e-commerce businesses. Keeping in view this objective, we propose to carry out the following business activities, directly as well as through our Subsidiaries.

Activity/Business	To be carried out by	Nature of relationship with us
Media and entertainment business	By the Company/ DigiVive Services Private Limited	Wholly owned Subsidiary.
Mobile Television application and Services and Gaming	Our Company/ DigiVive Services Private Limited	Wholly owned Subsidiary.
Distribution/Trading in Mobile handsets	Our Company as well as by nexG Devices Private Limited	Wholly owned Subsidiary.
BPO Services	DigiCall Teleservices Private Limited	Wholly owned Subsidiary.
Technical services	By the Company/ DigiVive Services Private Limited	Wholly owned Subsidiary.
Investment activities	By the Company/ Media Matrix Holding Private Limited (Formerly Digicall Holdings Private Limited)	Wholly owned Subsidiary.

For the last three years, the Company was operating only in one segment which was trading of software and media content. There has been de-growth in revenue of the Company in last three years on account of the economic slowdown and change in market dynamics.

Future outlook

The strategy of MMWL has been towards investing in the new application and/or technologies related to Mobile on account of rising demand for data services/solution in 3G/4G era, and making investments in next generation businesses including contents and Media businesses which are expected to have substantial growth over the next decade on account of rising demand from online and e-commerce businesses. The Company would be working either directly or through its subsidiaries to take up existing and/or new projects to achieve the above.

Apart from the existing businesses, the Company currently is proposing to import smartphones, tablets and other mobile devices beside GSM handsets, which in turn would be sold through NDPL. NDPL has already developed distribution network for sales and marketing of GSM handsets, tablets and other mobile devices. The Company is also looking for opportunities in value added services domain for mobile applications along with technical services and support. Further, the Company may enter into sourcing of content business for its mobile Tv business either directly or through DSPL.

Threat/Concern

MMWL operates in a competitive environment as mentioned in detail in one of the risk factors also. MMWL faces competition from both the international as well as domestic players and within domestic industry, from both the organised and unorganised players. However, no player in the industry is an integrated player, which is one of the focus areas of MMWL going forward.

The trading of the mobile handsets is a low margin segment and the overall profitability depends upon the scale of operations and competition in the segment. To counter this, MMWL has plans to enter into high volume and high margin segments of mobile devices. Futher, considering the uncertainty associated with the roll out of 4G and various associated technologies by players, there could be risk associated with the cash flow of content business.

Our/our subsidiaries Competitive Strengths

- A technical team of 35 employees with experience in developing new applications and technologies required for supporting the Mobile Content distribution platform.
- Promoter Background of telecom and VAS industry
- Combination of technical expertise and understanding of Indian consumer behaviour/preference
- Product marketing capabilities
- Efficient and speedy execution capability
- Extensive nationwide distribution network along with after sales support
- Scalable asset-light business model
- Diversified across products, geographies and distributors
- Deep and long term customer relationship
- End to end BPO services for the telecom, retail and financial services industry

Our/our subsidiaries' Business Strategy

- Investing in new application and technologies relating to Mobile phone
- To make investments in next generation businesses including contents and Media Businesses
- Deliver BPO services out of additional contact centres with non-telecom business contributing significantly to its revenue growth
- On the customer management horizontal for BPO, the focus will be on the fast-growing BFSI services segment and Telecom Data services
- Keep the client acquisition strategy cost effective, without compromising on building a healthy pipeline
- Joint-marketing through existing clients, including opportunities of horizontal growth from existing clients thereby providing more scalability options.

Significant developments subsequent to the month of March 31, 2012

One of our Joint Auditors, M/s N S Bhatt & Associates has resigned on June 19, 2012 on account of their preoccupation and M/s Khandewal Jain & Associates continues to be Stautory Auditor of the Company.

After the date of December 31, 2012, the Directors of MMWL confirm that in their opinion, there has not been any significant material developments related to the business.

Factors affecting our results of operations

Our Company/our subsidiaries' future results of operations could be affected by the factors including but not limited to as mentioned hereunder:

- Increase in interest rates;
- Increase in competition from existing players;
- Capital expenditure, including capacity expansion;
- Growth of unorganized sector and threat from national/regional players;
- General economic and business conditions;
- Company's ability to successfully implement its marketing, business and growth strategies.
- Changes in laws and regulations relating to the industry in which we/our subsidiaries operate;
- Changes in the regulations / regulatory framework / economic policies / political conditions in India.
- Loss or shutdown of operations of our Company/its subsidiaries at any time due to strike or labour unrest or any other reason.

Components of Income and Expenditure

The components of our income and expenditure based on restated standalone financials of FY2012 are as set forth below:

Income

Our income comprises gross sales and income earned on services rendered.

Sales

Our operating income comprises of domestic sales of mobile handsets. It is substantially derived from the sale of mobiles handsets. Payment terms vary with each customer. We also earn income from technical services rendered in India to third parties for managing and monitoring their networks.

Expenditure

Our expenditure comprises the cost of traded goods, employee costs, administrative expense, Financial Costs and depreciation.

Material Cost

Our expenditure on materials cost comprises the costs of traded mobile handsets as adjusted for inventory levels.

Employee Costs

Our employee costs comprise salaries and wages, bonus and allowances to our employees, gratuity, provident fund, medical expenses, training expenses, ex-gratia and staff welfare expenses such as food and transport costs.

Administrative & Selling Expenses

Our administrative expenses primarily comprise expenditure on legal & professional expenses, rent rates and taxes, telephone & mobile phone expenses, motor car, staff bus and conveyance expenses, charity & donation, postages & stationery, travelling expenses, insurance charges, computer expenses, membership & subscription charges, auditors' remuneration, packing material expenses, local and export commission, Advertisement expenses, export freight and forwarding expenses, exhibition expenses, Sales/VAT tax, Service tax, Loss on sale of fixed assets and bad debts written off, general office expenses, other miscellaneous expense, etc.

Financial Charges

Our financial charges comprise bank charges, bank interest on working capital limits and bank interest on term loans and unsecured deposits.

Depreciation

Depreciation on fixed assets is being provided on straight line method as per the rates prescribed in schedule XIV of the Companies Act, 1956. Depreciation on assets added/disposed off during the year is being provided on pro-data basis with reference to the month of addition/disposal.

Discussion on Results of Operation:

The following discussions on results of operations should be read in conjunction with the audited restated financial results of our Company for the years ended 31st March, 2008, 2009, 2010, 2011 and 2012.

Set forth below is our restated profit and loss statement, the components of which are expressed as a percentage increase / decrease from the previous year of total income of each year.

(Rs. in lacs)

Revenue From Operations	31-Mar-12	% age to total	31-Mar-11	% age to total	31-Mar-10	% age to total	31-Mar-09	% age to total	31-Mar-08	% age to total
Sales	161.26	0.50	890.07	0.91	1,393.43	1.00	1,603.21	0.97	1,875.96	0.99
Services	151.15	0.47	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Sub - Total	312.41	0.00	890.07	0.00	1,393.43	0.00	1,603.21	0.00	1,875.96	0.00
Other Income	7.58	0.02	90.98	0.09	0.02	0.00	44.86	0.03	18.40	0.01
Total Revenue Expenses:	319.99	0.00	981.05	0.00	1,393.45	0.00	1,648.07	0.00	1,894.36	0.00
Cost of Materials Consumed	155.97	0.49	954.13	0.97	1,352.64	0.97	1,552.09	0.94	1,716.80	0.91
Salaries and Wages	53.73	0.17	0.22	0.00	2.52	0.00	18.11	0.01	22.72	0.01
Employee Benefits Expense:										
Contribution to Provident and Other Funds	0.01	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Staff Welfare Expenses Other Expenses	0.24	0.00	0.00	0.00	0.00	0.00	0.12	0.00	0.00	0.00
Net Gain or Loss on Foreign Currency Transaction and Translation (Other than considered as Finance Cost)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Operating Expenses Administrative and Other Expenses	367.56	1.15	3.19	0.00	4.88	0.00	6.20	0.00	56.03	0.03
Selling and Distribution Expenses	0.20	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Expenses	577.71	1.81	957.54	0.98	1,360.04	0.98	1,576.52	0.96	1,795.55	0.95
Profit before interest depreciation and tax	(257.72)	(0.81)	23.51	0.02	33.41	0.02	71.55	0.04	98.81	0.05
Depreciation and Amortization Expense	14.12	0.04	20.41	0.02	20.41	0.01	20.40	0.01	196.34	0.10
Profit before Interest and taxes	(271.84)	(0.85)	3.10	0.00	13.00	0.01	51.15	0.03	(97.53)	(0.05)
Finance Costs:								0.03		0.01
Interest Expense	0.00	0.00	0.00	0.00	0.23	0.00	36.61	0.02	10.37	0.01

Other Borrowing Costs	5.07	0.02	0.14	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Profit before Exceptional Items	(276.91)	(0.87)	2.96	0.00	12.77	0.01	14.54	0.01	(107.90)	(0.06)
Exceptional Items	(12.07)	(0.04)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	(0.06)
Profit Before Extraordinary Items and Tax	(288.98)	(0.90)	2.96	0.00	12.77	0.01	14.54	0.01	(107.90)	(0.06)
Extraordinary Items	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	(0.06)
Profit / Loss Before Tax	(288.98)	(0.90)	2.96	0.00	12.77	0.01	14.54	0.01	(107.90)	0.00
Tax Expense:	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(1) Current Tax	11.60	0.04	5.64	0.01	5.44	0.00	1.68	0.00	0.25	0.00
(2) Fringe Benefit Tax	0.00	0.00	0.00	0.00	0.00	0.00	0.10	0.00	0.21	(0.02)
(3) Deferred Tax	(3.78)	(0.01)	(4.01)	(0.00)	(1.45)	(0.00)	5.44	0.00	(37.01)	(0.02)
Profit/Loss for the Year	(296.80)	(0.93)	1.33	0.00	8.78	0.01	7.32	0.00	(71.35)	(0.04)
Earnings per Equity Share (In Rs.)										
(1) Basic	(0.37)		0.00		0.01		0.01		(0.09)	
(2) Diluted	(0.37)		0.00		0.01		0.01		(0.09)	

Fiscal Year Ended March 31, 2012 compared to Fiscal Year Ended March 31, 2011

Income

Sales: Our sales decreased from Rs. 890.07 lacs in fiscal 2011 to Rs. 312.41 lacs in fiscal 2012, a drop of 64.90%. This was primarily due to the takeover of the Company by the new management, DHPL which was in the process of infusing funds and deciding on the new activities to be taken up by us.

Other Income: Our other income decreased by 91.67% from Rs. 90.98 lacs in fiscal 2011 to Rs. 7.58 lacs in fiscal 2012. This was primarily due to the fact that there was a non-recurring item related to write-up of sundry balance of Rs. 81.37 Lacs relating to old creditors in FY2011.

Expenditure

Our total expenditure including depreciation and interest / financial charges decreased by 38.97% from Rs. 978.09 lacs in fiscal 2011 to Rs.596.90 lacs in fiscal 2012. This decrease was partially due to a decrease in turnover of the Company by 64.90% and partially on account of the takeover by the new management, which was in the process of infusing funds and deciding on the new activities to be taken up by the Company.

Material Cost. Our expenditure on materials cost decreased to Rs.155.97 lacs in FY2012 from Rs. 954.13 lacs in FY2011. This decrease was primarily due to lower turnover and on account of the Company taken over by the new management, which was in the process of infusing funds and deciding on the new activities to be taken up by the Company.

Wage and Staff Costs: Wage and Staff costs increased from Rs. 0.22 lacs in FY2011 to Rs. 53.98 lacs in FY2012 on account of the Company taken over by the new management.

Administrative, Selling & Distribution Expenses. Administrative selling & distribution expenses increased to Rs.367.76 Lacs in FY2012 from Rs. 3.19 lacs in FY2011 primarily on account of one-time expenses related to fees for increases in authorized capital and on account of write-off of old debtors related to previous management, which were not likely to be recoverable.

Depreciation: Depreciation on our fixed assets decreased from Rs. 20.41 lacs in FY2011 to Rs.14.12 lacs in FY2012, on account of sale of some of old assets during FY2012.

Financial charges: Finance costs have shown a marginal increase from Rs. 0.14 lacs in FY2011 to Rs.5.07 lacs in FY2012 due to availment of fresh credit facilities by the new management for carrying on activities as envisaged by the new management.

Profit before Tax

For the reasons stated above, we incurred a loss before tax of Rs.288.98 lacs during FY2012 as compared to a profit before tax of Rs.2.96 lacs in FY2011 for the reasons explained above.

Profit after extraordinary items / adjustments

As a result of the foregoing factors, our Company made a loss of Rs.288.98 for the FY2012 as compared to a profit of Rs.2.96 lacs for FY2011.

Fiscal Year Ended March 31, 2011 compared to Fiscal Year Ended March 31, 2010

Income

Sales: Our sales decreased from Rs. 1393.43 in FY2010 to Rs. 890.07 lacs in FY2011, a decrease by 36.12%. This was primarily due to the slowdown in economy, which resulted in the drop in sales.

Other Income : Our other income increased from Rs. 0.02 Lacs in FY2010 to Rs. 90.98 Lacs in FY2011. This was primarily due to due to the fact that there was a non-recurring item related to write-up of sundry balance of Rs. 81.37 Lacs relating to old creditors in FY2011.

Expenditure

Our total expenditure including depreciation and interest/financial charges decreased by 29.16% from Rs. 1380.68 lacs in FY2010 to Rs. 978.09 Lacs in FY2011. This decrease was primarily due to drop in trading sales.

Material Cost: Our expenditure on materials cost decreased to Rs.954.13 lacs in FY2011 from Rs. 1352.64 Lacs in FY2010. This was primarily due to drop in trading sales.

Wage and Staff Costs: Wage and Staff costs decreased to Rs. 0.22 lacs in FY2011 from Rs. 2.52 lacs in FY2010 on account of some of our employees leaving the company on account of slowdown.

Administrative, Selling & Distribution Expenses:. Administrative selling & distribution expenses decreased marginally to Rs. 3.19 Lacs in FY2011 from Rs.4.88 Lacs in FY2010 on account of lower volume of trading activities.

Depreciation: Depreciation on our fixed assets remained the same in the two fiscals at Rs. 20.41 Lacs due to non-addition of any new assets. Financial charges. Finance costs reduced marginally to Rs 0.14 lacs in FY2011 from Rs. 0.23 Lacs in FY2010.

Profit before Tax

For the reasons stated above, there was decrease in profits before tax from Rs.12.77 lacs in the FY2010 to Rs.2.96 lacs in the FY2011.

Profit after extraordinary items adjustments

As a result of the foregoing factors, we made a net profit of Rs. 2.96 Lacs for FY2011 as compared to the net profit of Rs.12.77lacs for FY2010.

Fiscal Year Ended March 31, 2010 compared to Fiscal Year Ended March 31, 2009

Income

Sales: Our sales decreased from Rs. 1603.21 lacs in FY2009 to Rs.1393.43 Lacs in FY2010 a decrease by 13.09%. This was primarily due to the slowdown in economy, which resulted in the drop in sales.

Other Income: Our other income decreased from Rs. 44.86 lacs in FY2009 to Rs.0.02 Lacs in FY2010. This was primarily due to interest income of Rs. 44.86 Lacs in FY2009.

Expenditure

Our total expenditure including depreciation and interest / financial charges decreased by 15.48% from Rs.1633.53 lacs in Rs.2009 to Rs.1380.68 lacs in FY2010. This decrease was primarily due to lower sales volume which resulted in lower expenditure.

Material Cost. Our expenditure on materials cost decreased to Rs.1352.64 lacs in FY2010 from Rs.1552.09 Lacs in FY2009 This was primarily due to lower sales volumes.

Wage and Staff Costs. Wage and Staff costs decreased from Rs. 18.23 lacs in FY2009 to Rs. 2.52 lacs in FY2010 on account of some of our employees leaving the company due to drop in sales.

Administrative, Selling & Distribution Expenses. Administrative selling & distribution expenses decreased marginally to Rs.4.88 lacs in FY2010 from Rs. 6.20 lacs in FY2009.

Depreciation. Depreciation on our fixed assets has marginally increased to Rs.20.41 Lacs in FY2010 from Rs.20.40 Lacs in FY2009. Financial charges. Finance costs have reduced from Rs.36.61 Lacs in FY2009 to Rs.0.23 Lacs in FY2010 due to no fresh borrowings and repayment of some of existing loans by the old management.

Profit before Tax

For the reasons stated above, there was decrease in profits before tax from Rs.14.54 lacs in FY2009 to Rs.12.77 Lacs in the FY2010.

Profit after extraordinary items adjustments

As a result of the foregoing factors, MMWL made a net profit of Rs.12.77 lacs for FY2010 as compared to Rs.14.54 Lacs in FY2009.

Fiscal Year Ended March 31, 2009 compared to Fiscal Year Ended March 31, 2008

Income

Sales: Our sales decreased from Rs. 1875.96 Lacs in FY2008 to Rs. 1603.21 Lacs in FY2009, a decrease by 14.54%. This was primarily due to the slowdown in trading activities of the Company, which resulted in the drop in sales.

Other Income: Our other income increased from Rs. 18.40 Lacs in FY2008 to Rs. 44.86 Lacs in FY2009. This was primarily due to interest income of Rs. 44.86 Lacs in FY2009.

Expenditure

Our total expenditure including depreciation and interest / financial charges decreased by 18.42% from Rs.2002.26 lacs in FY 2008 to Rs.1633.53 Lacs in FY2009. This decrease was primarily due to lower sales volume which resulted in lower expenditure.

Material Cost. Our expenditure on materials cost decreased to Rs. 1552.09 Lacs in FY2009 from Rs. 1716.80 Lacs in FY2008. This was primarily due to lower sales volumes.

Wage and Staff Costs. Wage and Staff costs decreased from Rs. 22.72 Lacs in FY2008 to Rs. 18.23 Lacs in FY 2009 on account of some of our employees leaving the company due to drop in sales.

Administrative, Selling & Distribution Expenses. Administrative selling & distribution expenses decreased substantially to Rs. 6.20 Lacs in FY2009 from Rs. 56.03 lacs in FY2008 on account of lower volume of trading activities.

Depreciation: Depreciation on our fixed assets decreased to Rs.20.40 Lacs in FY2009 from Rs. 196.34 Lacs in FY2008.

Financial charges: Finance costs have increased from Rs.10.37 Lacs in FY2008 to Rs.36.61 lacs in FY2009 due to fresh borrowings.

Profit before Tax

For the reasons stated above, there was increase in profits before tax from loss of Rs. 107.90 Lacs in FY2008 to Rs. 14.54 Lacs in the FY2009 on account of lower depreciation and amortization in FY2009.

Net Profit after extraordinary items adjustments

As a result of the foregoing factors, MMWL made a net profit of Rs.14.54 Lacs for FY2009 as compared to loss of Rs.107.90 Lacs in FY2008.

FACTORS THAT MAY AFFECT THE RESULTS OF THE OPERATIONS:

Several factors influence our results of operations, financial condition and cash flow significantly. The key factors affecting our operations include:

1. Unusual or infrequent events or transactions.

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

2. Significant economic changes that materially affected or are likely to affect income from continuing operations.

The Government of India's focus on the telecom sector will have a major bearing on the companies involved in this industry. Accordingly, any major changes in the policies of the Government of India may have an impact on our operations or operations of our subsidiaries. Except the above, there are no significant economic changes that may materially affect or likely to affect income from continuing operations.

3. Known trends or uncertainties that have had or are expected to have a material adverse impact on sales, revenue or income from continuing operations.

Other than described in the Chapter titled "Risk Factors" and "Management's Discussion and Analysis of Financial Conditions and Results of Operations" beginning on pages 11 and 218, respectively of the Letter of Offer, to our knowledge there are no known trends or uncertainties that have or had or are expected to have a material adverse impact on our revenues or income from continuing operations.

4. Future changes in relationship between costs and incomes

Other than described in the Chapter titled "Risk Factors" and "Management's Discussion and Analysis of Financial Conditions and Results of Operations" beginning on pages 11 and 218, respectively of the Letter of Offer, to our knowledge there are no known factors which will have a material adverse impact on our operational cost and finances.

5. Extent to which material increases in net sales or revenue are due to increased sales volume, introduction of new products or services or increased sales prices.

The increase in net sales or revenue is mainly on account of increase in volume and general increase in sales price in the normal course of business.

6. Total turnover of each major industry segment in which the issuer company operated.

Please refer to Chapter titled 'Industry Overview' beginning on page 98 of the Letter of Offer. However, there are no published data available with our Company for total turnover of the industry in which our Company operates.

7. Status of any publicly announced new products or business segment.

Our Company has not announced any new product and segment except in the ordinary course of our business.

8. Seasonality in our operations

Our Company is not affected by the weather patterns.

9. Any significant dependence on a single or few suppliers or customers

The Company does not depend on a single or few suppliers or customers. However, there has been dependence of MMWL on the group companies for using their infrastructure and/or distribution network for its operations. Further, there are related party transactions between MMWL and subsidiaries as mentioned on page 183-185 and 215-217 of the Letter of Offer.

10.Competitive conditions

Competitive conditions are as described under the section titled "Our Business" beginning on page 109 of the Letter of Offer.

Note on the performance of the Company during the period ended April 1, 2012 and September 30, 2012 (Standalone)

The sales of the Company for the period ended September 30, 2012 was Rs. 3744.27 Lacs as against total sales of Rs. 319.99 Lacs for the year ended March 31, 2012. The increase was primarily on account of the surge in volume of trading business of the Company.

During the same period, the total expenditure of the Company was Rs. 3566.41 Lacs as against Rs. 596.90 Lacs for the year ended March 31, 2012.

The profit after tax during the period ended was Rs. 121.62 Lacs as against loss of Rs. 296.80 Lacs for the year ended March 31, 2012.

The basis and diluted EPS for the period were Rs. 0.12 and Rs. 0.05 respectively.

During this period, there has been change in accounting policy of the Company. Hitherto, premium payable on the redemption of optionally Fully Convertible Debentures (OFCDs) were charged to profit & loss account under finance cost. With effect from April 1, 2012, the Company has changed its policy for charging redemption premium on OFCDs and accordingly, as per the revised policy the same has been adjusted against Securities Premium Account. Had the same accounting policy been followed, the profits for half year ended September 30, 12 would have been lower by Rs. 215.69 Lacs respectively.

H. MATERIAL DEVELOPMENT

There has been no material development since September 30, 2012, which is likely to affect the financial position of the Company

I. CAPITALIZATION OF RESERVES IN THE LAST 5 YEARS

We have not capitalized reserves in the last 5 years.

J. REVALUATION OF ASSETS IN THE LAST 5 YEARS

There has been no revaluation of assets of our company in the last 5 years.

K. CHANGES IN THE AUDITORS

Name of the Auditor	Date of Cessation	Reasons
N S Bhatt & Associates	**June 19, 2012**	**Preoccupation**

L. CAPITAL STRUCTURE

Our Share Capital as on the date of filing of the Letter of Offer is as follows:

	PARTICULARS	Amount in Rs.	
		Aggregate Value at Nominal Value	Aggregate Value at Issue Price
A.	AUTHORISED CAPITAL 150,00,00,000 Equity Shares of Re.1/- each	150,00,00,000	150,00,00,000
B.	ISSUED, SUBSCRIBED AND PAID-UP CAPITAL BEFORE THIS ISSUE 10,08,65,000 Equity Shares of Re.1/- each	10,08,65,000	-
C.	PRESENT ISSUE IN TERMS OF THE LETTER OF OFFER 90,77,85,000 Equity Shares at an Issue Price of Rs.1.2 per Equity Share (Premium of Rs.0.20 per Equity Share)	90,77,85,000	108,93,42,000
D.	ISSUED, SUBSCRIBED AND PAID-UP CAPITAL AFTER THIS ISSUE (ASSUMING FULL SUBSCRIPTION FOR AND ALLOTMENT OF THE RIGHTS ENTITLEMENT)	100,86,50,000	-
	100,86,50,000 Equity Shares of Re. 1/- each	100,86,50,000	100,86,50,000
E.	SECURITIES PREMIUM ACCOUNT		
	Before this Issue	41,656,426	41,656,426
	After this Issue	223,213,426	223,213,426

14,40,92,219 Optionally Fully Convertible Debentures (OFCDs) were issued and allotted by our Company on March 29, 2012 to V&A Ventures LLP, a non-promoter group entity at a price of Rs. 3.47 per OFCD, on a preferential basis. Out of this, 2,00,00,000 OFCDs have been converted into 2,00,00,000 equity shares on August 7, 2012 by OFCD Holder. The balance

12,40,92,219 OFCDs are convertible into 12,40,92,219 Equity shares of Re. 1/- each at a premium of Rs. 2.47 per Equity Share. The OFCDs can be converted anytime after 4 months from the date of allotment and within a period of 18 months from the date of allotment, at the option of the OFCD holder. If the OFCD holder does not exercise the conversion option within 18 months, the OFCDs would be redeemable by our Company at a redemption premium of 15% of the Face Value of Rs. 3.47 per OFCD. The OFCDs do not carry any coupon rate / interest.

Consequently, proportionate number of Equity Shares of our Company will be offered (on Rights basis) to the OFCDs holder at the price and terms and ratio at which this Rights Issue is being offered to Shareholders, if the OFCDs holder exercises their option, if any, to convert full or part of the OFCDs held by them before the Record Date fixed for the Rights Issue.

V&A Ventures LLP is not directly or indirectly related to the Promoter/Promoter Group or any of the related parties stated as related parties on Page Nos. 183-185 and 215-217 of the Letter of Offer

M. NOTES TO CAPITAL STRUCTURE : For further details regarding notes to the capital structure please refer to the section "Capital Structure - Notes' on Page 69-77 of the Letter of Offer.

IV. RISK FACTORS

INTERNAL RISK FACTORS

Risks related to Our Company and Our Business

1. We and our Promoter Group Entities are party to certain legal proceedings which, if decided against us / them, could have an adverse effect on our reputation, business prospects and results of operations

Litigation involving our Company

There is one outstanding material Income Tax proceeding involving us which is given below:

This is a pending appeal filed by us before the Income Tax Appellate Tribunal , details of which are furnished on Page 227-228 of the Letter of Offer. Should our appeal be dismissed or the decision on the appeal is against us, then the same could adversely impact our reported financial condition and results of operations. Furthermore, if significant claims such as interest are determined against us and we are required to pay all or a portion of the disputed amount, there could be a material adverse effect on our reputation and profitability.

Sr. No.	Nature of Litigation	No. of Outstanding Litigation	Amount Involved (Rs. In Lacs)
1	Civil Cases	Nil	NIL
2	Labour Cases	Nil	NIL
3	Taxation Cases	1	8.55

Litigation involving our Group Companies

There are outstanding material legal proceedings involving our Group Companies which may adversely affect their business and operations. These legal proceedings are pending at different levels before various courts and tribunals. Should any new developments arise, such as a change in law or rulings against them by courts or tribunals, they may need to make provisions in their financial statements, which could adversely impact their reported financial condition and results of operations. Furthermore, if significant claims are determined against them, our Group Companies will be required to pay all or a portion of the disputed amounts, there could be a material adverse effect on their business, reputation and profitability. None of these will have any material effect on our business, results of operations etc directly, but such adverse impact on our Group Companies could have an adverse impact on the Group to which we also belong to, affecting the Group's reputation and in turn our reputation and operations. A classification of the outstanding material legal proceedings instituted against and by our group companies and the monetary amount involved, wherever quantifiable, in these cases is mentioned in brief below:

Sr. No.	Name	Nature of Litigation	No. of Outstanding Litigation	Amount Involved (Rs. In Lacs) approx.
1	Himachal Futuristic Communications Limited	Civil	2 (Against the company) 6 (By the company)	5649.00 33044.39
2	Himachal Futuristic Communications Limited	Arbitration	2(Against the company) 2 (By the company)	91.26 9255.36
3	Himachal Futuristic Communications Limited	Income Tax	1(Against the company) 11 (By the company)	149.87 0.00
4	Himachal Futuristic Communications Limited	Debt Recovery Tribunal	2 (Against the company)	1788.00
5	Himachal Futuristic Communications Limited	Consumer Cases	1 (Against the company)	0.00
6	HTL Limited	Labour	72 (Against the company)	92.59

7	HTL Limited	Civil	7 (Against the company) 3 (By the company)	744.94 63.96
8	Microwave Communications Limited	Debt Recovery Tribunal	1 (Against the company)	330.00
9	Microwave Communications Limited	Department of Telecommunication	1 (Against the company)	56.87
	Total amount involved		**111**	**51266.24**

For further details of outstanding litigation against us and our Group Entities, please see "Outstanding Litigations" on page No. 227-238 of the Letter of Offer.

2. Apart from the above litigations, 17 show cause notices have been received by Himachal Futuristic Communications Limited, our group Company from Excise/Service Tax authorities for disputed claims aggregating to Rs.1254.26 Lacs as on 31.12.12.

No assurance can be given that these show cause notices will not lead to further action against our group Company, Himachal Futuristic Communications Ltd and the same would be settled in favour of our group Company or that no further liability will arise out of these notices on our Group Company. Any adverse outcome could have a material adverse effect on our Group Company, its financials and results of operations. This may affect the reputation of our Group as a whole and thereby may affect the reputation of our Company as well.

3. Risks associated with Acquisition of Subsidiaries

The Company, after change of control, has acquired five subsidiaries from unrelated parties. These subsidiaries are into unrelated businesses except for one i.e. Digivive Services Private Limited, which is in the business of media and telecom. Of the five subsidiaries, four have been incorporated in last three years and do not have any established business model or revenue generation track record. Only Digicall Teleservices Private Limited is an old Company with a track record of over 10 years in the BPO business. The details of consideration paid for acquiring equity shares of subsidiary companies is as under:

Sr. No.	Name of Subsidiary	Amount
1	nexG Devices Private limited	Rs. 1 Lac
2	Media Matrix Holdings Private Limited (formerly Digicall Holdings Private Limited)	Rs. 1 lac
3 (a)	DigiCall Teleservices Private Limited	Rs. 1310 Lac
(b)	DigiCall Teleservices Private Limited*	Rs. 1380 Lac
4 (a)	DigiVive Services Private Limited	Rs. 798.5 Lacs
(b)	DigiVive Services Private Limited*	Rs. 139 Lacs

**Acquired through Media Matrix Holdings Private Limited (formerly Digicall Holdings Private Limited)*

A major part of the funding for the investment in the subsidiaries was done from the proceeds of the preferential issue of OFCDs. Post the preferential issue of OFCDs, the Total Debt/Total Equity ratio of the Company has increased from 0.47 in FY2011 to 8.52 in FY2012 on a standalone basis, making the Company significantly more risky from debt equity ratio perspective.

The details of the ownership and control of the various subsidiaries before their acquisition by the Company are as under:

1) nexG Devices Private Limited

Sr. No	Name of the Shareholder	No. of Equity Shares	% of Shareholding
1	DigiVive Services Private Limited	9980	99.8%
2	Mr. Surendra Lunia	10	0.1%
3	Mr. Gurdial Singh Khandpur	10	0.1%
	Total	**10000**	**100%**

* Ultimate holding of DigiVive Services Private Limited is with Mr. Surendra Lunia, a Director on the Board of our holding company, DigiVision Holdings Private Limited.

2) DigiCall Teleservices Private Limited

Sr. No	Name of the Shareholder	No. of Equity Shares	% of Shareholding
1	Motorola Inc	49	0.00%
2	Himachal Futuristic Communications Limited	49	0.00%
3	Quil Trading	2	0.00%
4	Infotel Business Solutions limited	6,899,960	99.99%
5	Mr. Surendra Lunia	10	0.00%
6	Mr. Gurdial Singh Khandpur	10	0.00%
7	Mr. Kamal Kumar Sharma	10	0.00%

8	Mr. Puneet Anurag	10	0.00%
	Total	**6,900,100**	**100.00%**

* Ultimate holding of Infotel Business Solutions Limited lies with Mr. Surendra Lunia, a Director on the Board of our holding company, DigiVision Holdings Private Limited.

3) DigiVive Services Private Limited

Sr. No	Name of the Shareholder	No. of Equity Shares	% of Shareholding
1	Infotel Business Solutions Limited	1,389,996	68.98%
2	Digivision Ventures Private Limited	625,000	31.02%
3	Mr. Surendra Lunia	1	0.00%
4	Mr. Gurdial Singh Khandpur	1	0.00%
5	Mr. Kamal Kumar Sharma	1	0.00%
6	Mr. Puneet Anurag	1	0.00%
	Total	**2,015,000**	**100.00%**

* Ultimate holding of Infotel Business Solutions Limited lies with Mr. Surendra Lunia, a Director on the Board of our holding company, DigiVision Holdings Private Limited.

* Ultimate holding of Digivision Ventures Private Limited lies with Mr. Surendra Lunia, a Director on the Board of our holding company, DigiVision Holdings Private Limited.

4) Media Matrix Holdings Private Limited (formerly Digicall Holdings Private Limited)

Sr. No	Name of the Shareholder	No. of Equity Shares	% of Shareholding
1	DigiVive Holdings Private Limited	9990	99.90%
2	Mr. Surendra Lunia	10	0.10%
	Total	**10000**	**100.00%**

* Ultimate holding of DigiVive Services Private Limited is with Mr. Surendra Lunia, a Director on the Board of our holding company, DigiVision Holdings Private Limited.

4. We have invested/extended Loans aggregating to a total sum of Rs 5575.51 Lacs into our Subsidiaries as at September 30, 2012 as per details given below:

Name of the Subsidiary	Type of Investment instruments	Amount (Rs.in lacs)
DigiVive Services Private Limited	Equity Shares	798.50
DigiCall Teleservices Private Limited	Equity Shares	1309.99
nexG Devices Private Limited	Equity Shares	499.00
Media Matrix Holdings Private Limited (formerly Digicall Holdings Private Limited)	Equity Shares	200.00
DigiVive Services Private Limited	OFCDs	1650.00
DigiCall Teleservices Private Limited	OFCDs	700.00
nexG Devices Private Limited	Loans	382.40
DigiCall Teleservices Private Limited	Loans	34.62
Media Matrix Holdings Private Limited (formerly Digicall Holdings Private Limited)	Loans	1.00
Total		**5575.51**

No return is assured from the investments in Equity Capital as detailed above and to be made in future, including funds raised through this Rights Issue. We have made Equity investments at a price which is higher than the Book Value of the Equity Shares of these Subsidiaries except in case of DigiCall Teleservices Private Limited. For details regarding losses of our Subsidiaries, please refer to Risk Factor No. 13 below and the section "Profit & Loss Statement" in Consolidated Financial statements on Page no 199 of the Letter of Offer.

5 Investment in intangible assets

Out of our total assets of Rs 15837.57 lacs as on September 30, 2012 on consolidated basis, Rs 2718.14 lacs constituting 17.16% of our total assets is in intangible assets. There are no intangible assets as on Sept 30, 2012 based on standalone financials. Further out of the total issue proceeds of Rs.10893.42 Lacs from this Rights Issue, an amount of Rs. 8500 Lacs (78.02% of the Issue proceeds) is earmarked for investment in our Subsidiaries. Our Subsidiaries propose to use a significant portion of the funds to be so received by them for their long term working capital requirements/Repay unsecured loans/Fund their operations/Fund their capital expenditure. As such there will not be any significant creation of tangible fixed assets except to the extent of capital expenditure, either by our Company or our Subsidiaries from the proceeds to be raised out of this Rights Issue.

As of September 30, 2012, 17.16% of our total assets are invested in intangible assets. Further, out of the total issue proceeds, Rs. 8500 Lacs i.e. 78.02% of the Issue proceeds, is earmarked for investment in our Subsidiaries. The Subsidiaries in turn propose to utilise a substantial portion of the funds so invested in them for meeting their working capital requirements/Repay unsecured loans/Fund their operations. As such, there will not be any significant creation of tangible fixed assets out of the proceeds of this Issue either in our Company or in the Subsidiaries.

The Company and its subsidiaries operate in a business segment where creation of intangible assets over long term results in value creation for the business as well as stakeholders. The value of intangible assets generally fluctuates depending upon market perception and conditions which may in turn impact the business valuation. Low level of tangible Fixed Assets may adversely affect any future plans to raise Bank Finance for Working Capital or otherwise as lenders generally seek collateral securities in the form of fixed assets for sanctioning loan / credit facilities. Given the nature of the business of the Company and its subsidiaries there is a high degree of risk associated in realising the value of the intangible assets so created.

6. Loss Making Group Entities

Some of our Promoter Group entities have incurred losses in the recent past and continuous and sustained losses by our Group Companies could affect their reputation and facilities that they enjoy and this could in turn affect the credit facilities that we enjoy with our bankers and our reputation with our customers / suppliers. The incurring of losses by Group companies may put strain on the cash-flows of the Promoter which in turn may impact the equity funding for our Company and subsidiaries companies. Any adverse impact on the funding capability of the Promoters of our Company may endanger the going concern assumption of the Company, if the adequate and timely equity funding is not arranged by the Promoters to fund our operations.

Some of our Promoters Group entities have incurred losses in the recent past. The details of losses incurred by our Promoters Group entities in the last three years are set out below: (Rs. in Lacs)

Name of the Promoter Group Entity	For the period ended	For the year ended		
	Sept 30, 2012	March 31, 2012	March 31, 2011	March 31, 2010
Exicom Tele-systems Limited	(175.98)	(861.75)	(784.11)	630.45
HFCL Satellite Communications Limited	18.51	(55.03)	323.35	(11.06)
HTL Limited	(4.05)	(7468.71)	(5910.00)	(4363.68)
HFCL Dacom Infocheck Limited	(0.05)	(0.25)	(0.12)	(0.33)
Eminent Networks Private Limited	(33.11)	(100.68)	(11.86)	1.93
Microwave Communications Limited	(214.31)	(287.92)	(278.56)	(1892.32)
Westel Wireless Limited	(0.07)	(0.21)	(0.25)	(0.09)
Dragonwave HFCL India Private Limited	(107.22)	(202.56)	(31.56)	NA*
Polixel Security Systems Private Limited*	(228.92)	(210.49)	(196.93)	NA*
NextWave Communications Private Limited*	(5.23)	(0.78)	(169.27)	NA**

**The company was not in existence*

***The company has not prepared the profit and loss account for the period on account of the fact that it has no operations*

7. We propose to carry on the activities of Mobile Television and BPO from FY13 onwards, a new business segments, through our subsidiaries in varied industries. Some of our subsidiaries are in nascent stage of growth and our Company does not have expertise in these varied industries. There has been no contribution from these activities to the revenues of our Company for the last 3 financial years ended March 31, 2012.

Our Company has limited history of operating Mobile Television or a BPO Outfit through our subsidiaries and have commenced these activities in the financial year 2012-13 only after acquiring DSPL and DTPL on March 31, 2012. Some of our subsidiaries are in nascent stage of growth and our Company does not have expertise in these varied industries. These businesses may entail substantial deployment of senior level management team and resources and we may also not be able to evaluate all the business risks associated with such ventures/business segments. The success of these activities will be dependent on various factors like maintenance of product quality, customer satisfaction, development and improvement of administrative and technical infrastructure, internal control systems, recruitment, training and retention of skilled manpower and ability to face challenges presently not foreseen and competition especially from more established players in these business segments. Any inability on the part of our Subsidiaries to manage these new activities effectively could have an adverse impact on their business and results of operations which in turn would have adverse impact on the results of operations of our Company. Further, Indian BPO industry is also very competitive in nature and domestic BPO players operate generally on very thin margins.

The Mobile TV segment as part of Value Added Services industry of telecom sector is currently at very nascent stage and growth of this segment of the industry is heavily dependent on the penetration of internet as well as increasing share of smart phones and tablets in India, which in turn depends on various macro-economic factors.

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8. We have incurred a loss of Rs. 296.80 Lacs (Standalone) and Rs. 319.46 Lacs (Consolidated) for the year ended March 31,2012. Sustained losses incurred by our Company could have negative impact on our reputation and our performance and also on the relationship that we share with our Bankers, Creditors and Customers:

Our Company has, incurred losses as per the restated financials for the Financial Year ended March 31, 2012, as under:

(Amount in Rs. Lacs)

Particulars	FY 2012 (standalone)	FY 2012 (consolidated)
Profit /(Loss) after Tax	(296.80)	(319.46)

However, the Company has made profit after tax of Rs. 121.65 Lacs on standalone basis and incurred loss of Rs. 960.41 Lacs on consolidated basis for the period ended September 30, 2012.

Continued and sustained losses could adversely affect our financial position and can be perceived adversely by external parties such as customers, bankers, and suppliers, which may affect our reputation, business and results of operations.

9. The following group entities have not commenced any commercial activity or are not carrying on any commercial activity.

Name of the Entity	*Year of Incorporation*
Westel Wireless Limited	*1995*
HFCL Bezeq Telecom Limited	*1995*
MN Ventures Private Limited	*2010*
ANM Enginnering & Works Private Limited	*2008*
Digivision Wireless Private Limited	*2008*

Failure to commence commercial operations by our Group Entities may be perceived adversely by external parties such as customers, bankers, and suppliers, which may affect our reputation also and our fund raising capacities, which could in turn affect our operations and revenue adversely. For further details of our Group Entities which have not commenced commercial operations, please refer to chapter titled "Group Entities" beginning on page 145 of the Letter of Offer.

10. Some of the promoter group entities have a negative Networth:

Some of our promoter group entities, have negative Networth, the details of which are as under:

Name of the Entity	*Net worth as on September 30, 2012 (Rs. in Lacs)*
HFCL Satellite Communications Limited	(5635.31)
Microwave Communications Limited	(11365.8)
HTL Limited	(51.07)
HFCL Dacom Infocheck Limited	(55.71)
Westel Wireless Limited (completely eroded)	(116.72)

The above Group Companies have negative networth. The Negative Net Worth position of our above Group Entities may be perceived adversely by external parties such as customers, bankers, and suppliers, which may affect our reputation and our fund raising capacities, which could in turn affect our operations and revenue adversely. For further details of our Group Entities which have negative networth, please refer to chapter titled "**Group Entities**" beginning on page 145 of the Letter of Offer

11. Action By State Bank Of India Under Sarfaesi Against One Of Our Group Companies, Htl:

One of our Group companies, HTL Limited is a Sick Company within the meaning of Sick Industrial Companies (Special Provisions) Act, 1985 but it is not under reference of the Board for Industrial and Financial Reconstruction (BIFR) since action under SARFAESI has been initiated by State Bank of India (SBI), the lending banker and is in progress. Further, HTL is not under winding up, but the company has a negative Net-worth.

12. Defaults By One Of Our Group Companies, Hfcl, In The Past And Cdr Package Approved By Its Lenders:

One of our Group Company, HFCL had approached its lenders Viz., Financial Institutions and Banks for a financial restructuring package in the past, which had been approved under the Corporate Debt Restructuring (CDR) mechanism by the CDR Empowered Group (EG) in the year 2004 and subsequently by respective Lenders individually. The restructuring package, which inter-alia included funding of interest, reduction of interest rate, conversion of term loan into equity/ bond, etc. At the request of HFCL, CDR Empowered Group had further modified the CDR Package in the year 2005. However, due to continuous losses made by HFCL, it had defaulted in payment of interest and repayment of principal amount to certain lending institutions/ banks in the past and could not adhere to some of the conditions prescribed by EG. In order to tide over the difficult situation caused by the liquidity crunch, HFCL had once again approached the lending institutions/ banks for the rework of CDR Package which had been approved by CDR EG on February 9, 2011. For further details regarding the CDR Package, please refer to Page No 147 of the Letter of Offer.

13. Our Subsidiaries Have Incurred Loss In Recent Past:

Our Subsidiaries including step down subsidiary have made losses for at least one of the previous three years, the details of which are given below:

Name of the Subsidiary	Period ended Sept 30, 2012	FY ended 31.03.12	FY ended 31.03.11	FY ended 31.03.10
nexG Devices Private Limited	(447.25)	(459.94)	NA*	NA*
DigiVive Services Private Limited	(341.09)	(924.03)	(73.30)	NA*
DigiCall Teleservices Private Limited	(205.17)	(391.18)	(460.13)	(733.65)
Media Matrix Holdings Private Limited (formerly Digicall Holdings Private Limited)	(0.03)	(30.41)	NA*	NA*
Digicall Global Private Limited	(108.55)	(131.12)	NA*	NA*

* *These companies were either not in existence or were not operational during these periods.*

14. We have certain contingent liabilities not provided for which may adversely affect our financial condition

Our Company has the following Contingent liabilities, not provided for, as on Sept 30, 2012:

Nature of contingent liability	Amount (Rs. In Lacs)
Income Tax Matters	8.55
Bank Guarantees	53.14
Unexpired Letters of Credit	268.42
Total	**330.11**

For further details, please refer to Annexure VIII Contingent Liabilities, in the section on Financial Information on Page No 179 of the Letter of Offer.

15. Qualifications By Our Auditors In Our Financial Statements:

Our Statutory Auditors have made the following qualification in the audited accounts for the year ended March 31, 2012:

"As per the information and explanations given by the management, the Company is not regular in depositing with the appropriate authorities, undisputed statutory dues including Income Tax, Sales Tax, Wealth Tax, Provident Fund, custom duty and other statutory dues applicable to it. According to the information and explanations given to us, there are no undisputed amounts payables in respect of such statutory dues, except fringe benefit tax for assessment year 2006-07 to 2008-09 of Rs.2,13,493/- which has remained outstanding for more than six months as at 31st March, 2012."

16. Our Company Had Negative Cash Flows From Operating Activites In Fy12 And Fy10:

We have negative cash flows from operating activities in FY12 and FY10 based on standalone and for FY12 on consolidated financials in the last three years, as per the details given below.

ON A STANDALONE BASIS **(Rs. in Lacs)**

Particulars	Period ended Sept 30, 2012	FY ended 31.03.12	FY ended 31.03.11	FY ended 31.03.10
Cash flow from Operating Activities	616.00	(730.52)	234.39	(223.24)
Cash flow from Investing Activities	(503.08)	(4117.20)	140.98	334.81
Cash flow from Financing Activities	(184.54)	4929.96	(375.07)	(100.46)
Net (Decrease) / Increase in Cash and Cash Equivalents	(71.62)	82.24	0.30	11.11

ON A CONSOLIDATED BASIS# **(Rs. in Lacs)**

Particulars	Period ended Sept 30, 2012	Year ended March 31.2012
Cash flow from Operating Activities	4338.87	(1616.58)
Cash flow from Investing Activities	(2218.47)	(5084.15)
Cash flow from Financing Activities	(2687.28)	7587.96
Net (Decrease) / Increase in Cash and Cash Equivalents	(566.88)	887.23

No consolidated Cash Flow Statements have been drawn for the Years ended March 31, 2010 and March 31, 2011 since the Company did not have any Subsidiaries, in those years.

Cash flow from operating activities is a key indicator to show the extent of cash generated from operations of our Company to meet capital expenditure, pay dividends, repay loans and make new investments without raising finance from external resources. Sustained negative cash flows from operating and investing activities in future would adversely affect our results of operations and financial condition. For further details regarding our cash flows, please refer to Annexure III and IIIA, Restated Cash Flow Statements under Section Financial Statements on pages 167 and 200 of the Letter of Offer.

17. Our Management will have flexibility in applying the Proceeds of the Issue and the deployment of the Proceeds is not subject to monitoring by any independent agency. The purposes for which the Proceeds of the Issue are to be utilized are based on management estimates and have not been appraised by any Bank or Financial Institution.

We intend to use the proceeds of the Issue for the purposes described in "Objects of the Issue" on page 78-86 of the Letter of Offer. Our management may revise estimated costs, fund requirements and deployment schedule owing to factors relating to our business and operations and external factors which may not be within the control of our management.

The utilization of the proceeds of the Issue and other financing will be monitored only by the Board of Directors of our Company and is not subject to monitoring by any independent agency. Proceeds of the Issue allocated to general corporate purposes will be used at the discretion of the management. Further, pending utilization of the Proceeds of the Issue, we intend to invest such proceeds in high quality interest/dividend bearing liquid instruments including investment in mutual funds, deposits with the Banks for appropriate period.

Our funding requirements and the deployment of the Proceeds of the Issue are based on management estimates and have not been appraised by any Bank or Financial Institution. In view of the highly competitive nature of the industry/business in which we operate or intend to operate, we may have to revise our management estimates from time to time and, consequently, our funding requirements may also change.

18. Our success largely depends on our ability to attract and retain our Key Managerial Personnel. Any loss of our Key Managerial Personnel could adversely affect our business, operations and financial condition.

Our Company and its Subsidiaries are depending significantly on the expertise, experience and continued efforts of our Key Managerial Personnel. If one or more members of our Key Managerial Personnel are unable or unwilling to continue in his/her present position, it may be difficult to find a replacement, and business might thereby be adversely affected. Competition for Key Managerial Personnel in our industry/business is intense and it is possible that our Company may not be able to retain existing Key Managerial Personnel or may fail to attract/ retain new employees at equivalent positions in the future. As such, loss of Key Managerial Personnel could adversely affect our business, results of operations and financial condition. For further details on the Key Managerial personnel of our Company, please refer to the chapter titled "Our Management" beginning on page no 132 of the Letter of Offer.

19.Failure or delay in raising funds from the Rights Issue could adversely impact the implementation schedule, any time/cost overrun may adversely affect our and our subsidiaries' growth plans and profitability.

The proposed expansion/business plan of our business and business of our subsidiaries is to be funded from the proceeds of this Issue. Our Company has not identified any alternate source of funding and hence any failure or delay on our part to mobilize the required resources or any shortfall in the Issue Proceeds may delay the Implementation Schedule of our project and projects of our subsidiaries. Our Company therefore, cannot assure that it would be able to execute the proposed business plans within the given time frame, or within the costs as originally estimated. Any time overrun or cost overrun may adversely affect our and our subsidiaries growth plans and profitability.

20.Our Company/its Subsidiaries propose to operate in a highly competitive industry/business segments and, if they are unable to adequately address factors that may adversely affect revenue and costs on account of increased competition, our business and businesses of our subsidiaries could suffer.

Our Company and/or its Subsidiaries are or are proposing to/intending to operate in very competitive industry/business segments. Increased competition may lead to revenue reductions, reduced profit margins, or a loss of market share, any one of which could harm our business and business of our subsidiaries.

Any inability to effectively compete with other participants in the industry/business segments we or our subsidiaries operate/ intend to operate, whether on the basis of pricing, services or otherwise, it might not be able to attract new customers or retain existing customers, and this could adversely affect business, financial condition and results of operations.

21.Our Corporate Office at Gurgaon, Haryana is taken on lease/arrangement with Infotel Business Solutions Limited which in turn has taken the same on lease from Mr. Naresh Kumar, an unrelated person. However, Mr. Surendra Lunia, Director of our holding Company, DHPL is promoter of and also a Director in Infotel Business Solutions Limited. For further details, please refer to Page no. 118-119 of the Letter of Offer, under the title "Our Properties".

Our Corporate Office at Gurgaon, Haryana is taken on lease/arrangement from Infotel Business Solutions Limited. The said premises, has in turn been taken on lease by Infotel Business Solutions Ltd from Shri. Naresh Kumar and if this Lease agreement is terminated by Shri. Naresh Kumar before its term or if Infotel Business Solutions Ltd is unable to renew the Lease agreement on favourable terms or at all, we may suffer a temporary disruption in our corporate affairs and business. Further, Shri. Surendra Lunia, Promoter of Infotel Business Solutions Ltd and one of its Directors is also a Director of our holding Company, DHPL. Although we believe that this transaction has been conducted on an arm's length basis, there can be no assurance that we might not have achieved/may not achieve more favourable terms had such lease/arrangement not been entered into with the said Company. It is also possible that had we acquired some other premises with an unrelated party, we would have obtained more favourable terms.

22. Conflict Of Interest And Similar Activities By Our Group Company And Our Subsidiary

One of the Group Companies, Microwave Communications Limited, was also engaged in BPO activity, the same activity carried out by our Subsidiary DTPL. DGPL which is a Subsidiary of DTPL is also in BPO activity even though catering to international markets. As such there is and there will continue to have conflict of interest between each of them.

Although our group Company Microwave Communications Limited was engaged in BPO activity, the company has discontinued its activity two years ago and DGPL operates in the international markets and will not be directly competing with our subsidiary, DTPL.

23.The Registered Office of our Company is taken on lease/arrangement with C K Goushal & Sons, HUF, of which Mr . Chhattar Kumar Goushal, one of our Directors, is the Karta. For further details, please refer to Page No.118-119 of the Letter of Offer, under the title "Our Properties".

This transaction is with an entity which is related to one of Directors. We believe that this transaction has been conducted on an arm's length basis. The transaction does not pose any risk to our Company at present. However, there is no assurance that the Lessor will renew the arrangement in future or vary the terms in future.

24.One of our Joint Auditors, M/s N S Bhatt & Associates has resigned on June 19, 2012 on account of their preoccupation and M/s Khandewal Jain & Associates continues to be associated with the Company as Statutory Auditor.

One of our Joint Auditors, M/s N S Bhatt & Associates has resigned on June 19, 2012 on account of their preoccupation and M/s Khandewal Jain & Co. would be continuing till adoption of accounts for the year ended March 31, 2012 in the forthcoming Annual General Meeting of the Company. The accounts have been adopted and M/s. Kandelwal Jain & Co., continute to be associated with us as the sole auditors. Considering the long association of M/s N S Bhatt & Associates, Joint Statutory Auditors, their resignation may be perceived negatively by the stakeholders of the Company.

25. There have been certain delayed filings under Regulation 6 and Regulation 8 of the SEBI (SAST) Regulations, 1997 for the years 1997 and 1998 to 2002 and again in the year 2004 and certain non compliances under Regulation 7(3) by our Company.

The filings under Regulations 6(2) & 6(4) for 1997 & 8(3) for the years 1998 to 2002 under Chapter II of the SEBI (Substantial Acquisition of Shares and takeovers) Regulations, 1997 have been done late by MMWL, on September 21, 2011 with BSE. The filings from 2003 till date have been done on time, except for the year ended March 31, 2004 for which the disclosure under 8(3) were filed on August 5, 2004. The Company has not complied with filing requirements under Reg. 7(3) due on March 30, 2006, March 31, 2006, March 27, 2010, April 5, 2010, April 6, 2010, August 09, 2010, and January 11, 2011. Erstwhile promoters of the Company had filed the consent application with SEBI in this matter on September 26, 2011 which has been rejected by SEBI vide their letter dated February 21, 2013. For the said violation of the provisions under Chapter II of the SEBI (Substantial Acquisition of Shares and takeovers) Regulations, 1997, SEBI may initiate suitable penal action against our Company at a later date, which may include, but not limited to, monetary penalties, thereby having an impact on our financials.

26.The insurance coverage may not be adequate to protect us against all potential losses to which we and our subsidiaries may be subject and this may have a material adverse effect on our and business of our subsidiaries.

We/our Subsidiaries face the risk of loss resulting from product liability, intellectual property, contractual, warranty, and other lawsuits, whether or not such claims are valid. In addition, our Subsidiaries' insurance coverage may not be adequate to cover such claims or may not be available to the extent we expect. A successful claim that exceeds or is not covered by our policies could require us to pay substantial sums.

We maintain insurance policies with independent third parties in respect of equipment and certain inventories covering losses due to fire and a wide range of natural disasters and burglary. We also maintain policies in respect of marine, air and inland transit risks for imports from outside India. We also maintain health insurance for our employees.

Although, we attempt to obtain coverage for and mitigate our liability for damages arising from negligent acts, errors or omissions through insurance policies, our liability may sometimes not be covered as a result of the limitations of liability set forth in our insurance policies. In such event, our insurance policies may not protect us from liability for damages. These may lead to financial liability and other adverse consequences.

Further, while we believe that insurance coverage will be available in the future, we cannot assure you that such coverage will be available at costs and terms acceptable to us or that such coverage will be adequate with respect to future claims that may arise. If we are not able to adequately insure against the risks we face, or the insurance coverage we have taken is inadequate to cover our losses, our business, financial condition and results of operations could be adversely affected.

For further details on insurance please refer to Chapter "Insurance" on Page 119 of the Letter of Offer.

27.We have entered into, and will continue to enter into, related party transactions. There can be no assurance that such transactions, individually or in the aggregate will not have an adverse effect on our business, financial condition and results of operations.

We have entered into certain transactions with related parties, including our Subsidiaries, Parent Company and Promoters, the details of which as on September 30, 2012 and March 31, 2012, are given below:

(Rs. in Lacs)

Nature of Transaction	DigiVision Holdings Pvt. Ltd.		DigiCall Teleservices Pvt. Ltd.		Media Matrix Holdings Private Limited (formerly Digicall Holdings Private Limited)		nexG Devices Pvt. Ltd.		DigiVive Services Pvt. Ltd.	
	30-Sep-12	31-Mar-12	30-Sep-12	31-Mar-12	30-Sep-12	31-Mar-12	30-Sep-12	31-Mar-12	30-Sep-12	31-Mar-12
Sale of Goods	0.00	0.00	0.00	0.00	0.00	0.00	418.32	0.00	0.00	0.00
Debit Note Raised by Us (Expenses)	0.00	0.00	0.00	0.00	0.00	0.00	1,422.42	0.00	0.31	0.00
Payment made by us towards laon	1,654.50	13.70	185.00	90.01	0.00	1.00	174.50	643.40	0.00	66.50
Payments made towards Investment	0.00	0.00	0.00	2,009.99	0.00	199.00		0.00	0.00	2,449.50
Debit Notes raised on us (Expenses)	0.00	28.54	160.27	80.11	0.00	0.00	47.23	0.00	62.09	2.00
Repayment of Loan	0.00	0.00	0.00	0.00	0.00	0.00	1,312.69	0.00	0.00	0.00
Purchase of Equity Shares	0.00	0.00	0.00	1,309.99	0.00	0.00	498.00	0.00	0.00	799.50
Advance for Share Application Money	0.00	0.00		0.00	0.00	199.00	0.00	0.00	0.00	0.00
Purchase of 0% OFCD	0.00	0.00	0.00	700.00	0.00	0.00	0.00	0.00	0.00	1,650.00
Payments received by us toward Loan	1,727.00	100.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	15.00
Closing Balance Asset										
Short Term Loan	0.00	0.00	34.63	9.90	1.00	1.00	382.41	643.40	0.00	49.50
Trade Receivable	0.00	0.00	0.00	0.00	0.00	0.00	418.32	0.00	0.00	0.00
Closing Balance Liability										
Trade Payable	14.84	14.84	0.00	0.00	0.00	0.00	0.00	0.00	12.29	
Short Term Loan	172.50	100.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

(Rs. in Lacs)

Nature of Transaction	Anil Vedmehta*		Mobile Telecommunication Limited*		Quantum E-services Private Limited*	
	30-Sep-12	31-Mar-12	30-Sep-12	31-Mar-12	30-Sep-12	31-Mar-12
Payment made by us towards loan	0.00	187.04	0.00	262.03	0.00	18.10
Closing Balance Asset						
Short Term Loan	0.00	24.24	0.00	118.74	0.00	0.00
Trade Receivable	0.00	0.00	0.00	0.00	0.00	0.00
Closing Balance Liability						
Trade Payable	0.00	0.00	0.00	0.00	0.00	0.00
Short Term Loan	0.00	0.00	0.00	0.00	0.00	0.00

* All of these have ceased to be Related Parties with effect from Jan 26, 2012.

For further information on our related party transactions, see "Financial Statements-Standalone Statement of Related Parties and Related Transactions with them-Annexure XVII and "Financial Statements-Consolidated Statement of Related Parties and Related Transactions with them-Annexure XVIIA on pages 183-185 and 215-217 respectively. We may in future as well enter into related party transaction with our promoter and group companies in the ordinary course of business at arms length. While we believe that all our related party transactions have been conducted or will be conducted on an arm's length basis, there can be no assurance that we could not have achieved or will not achieve more favourable terms had such transactions been entered into with unrelated parties."

28. 22,50,000 Equity Shares of Face Value of Rs. 10/- each allotted in December 2000, and 53,91,000 Equity Shares of Face Value of Rs. 10/- each allotted as Bonus Shares in July 2001, were not listed at MPSE immediately after the Issue of Shares. We had on 23.08.2012, submitted application for Listing the said Equity Shares and regularizing the same which has been accepted by MPSE and MPSE, vide its Letter dated 18-9-2012 has confirmed the same.

22,50,000 Equity Shares of Face Value of Rs. 10/- each allotted in December 2000, and 53,91,000 Equity Shares of Face Value of Rs. 10/- each allotted as Bonus Shares in July 2001, were not listed at MPSE immediately after the Issue of Shares. We had on 23.08.2012, submitted application for Listing the said Equity Shares and regularizing the same which has been accepted by MPSE and MPSE, vide its Letter dated 18-9-2012 has confirmed the same. MPSE may initiate punitive action at a later date against us for the delayed listing of the Equity Shares and this could have an adverse impact on the reputation and financials.

29. 2,00,00,000 Equity Shares of Face Value of Re. 1/- allotted on 07.08.2012 on conversion of OFCDs are yet to get final listing and trading permission from MPSE, for which application has been submitted on 16.08.2012.

We have received listing and trading approval for the listing of 2,00,00,000 Equtiy Shares allotted on conversion of OFCDs from BSE, but we are yet to receive listing and trading permission from MPSE.

30.Our Subsidiary, nexG Devices Private Limited is also engaged in a business activity which is similar to that carried on by us.

Our subsidiary, nexG Devices Private Limited is engaged in the business of trading in mobile handsets, which is an activity similar to that conducted by us. There can be no assurance that such business activities will not have an adverse effect on our business, financial condition and results of operations.

31.The limited operating history of DSPL, one of our Subsidiaries, may make it difficult for prospective investors to evaluate its business and consequently its business.

Our subsidiary, DSPL was incorporated in March 2010 and launched its first product in May, 2011. As a result, there is limited historical financial and operating information available to help prospective investors evaluate its past performance or to make a decision about the investment. In additions, because of limited operating history, our consolidated financial results may not accurately predict our future performance, particularly as there is time lag between the launch of the product and its revenue realization. The narrow business focus on telecommunication industry may make our financial results more sensitive to changes and downturns within our industry than the companies with more diversified lines of business. The telecommunications value added service market is at nascent stage and is rapidly evolving. As a result, any evaluation of DSPL business and its prospects must be considered in light of industry in which it operate, its limited operating history and the risk and uncertainties.

32.Third parties may successfully sue us or any of our Subsidiaries for intellectual property infringement which could disrupt both our business and that of our subsidiaries or require us to pay significant damages/award which we may not succeed in recovering from others.

While we take precautions to ensure that we/our subsidiaries comply with the intellectual property rights of others and we believe that our products or products of our subsidiaries, methodologies and intellectual property rights do not infringe on the intellectual property rights of any other party, we cannot determine with certainty whether we/our subsidiaries are infringing upon any existing third party intellectual property rights which may force us to alter our technologies, obtain licenses or significantly cease some portions of our/our subsidiaries operations. We/our subsidiaries may also be susceptible to claims from third parties asserting infringement and other related claims. There are currently no material pending or threatened intellectual property claims against us. However, if we/our subsidiaries become liable to third parties for infringing their intellectual property rights, we/our subsidiaries could be required to pay substantial damages including damages based on profits that we/ our subsidiaries have obtained from the allegedly infringing technology as well as exemplary damages that a court may award and we may be forced to develop non-infringing technology, obtain a license for the infringing technology or cease selling the applications and using the products or methodologies that contain the infringing technology. We/our subsidiaries may be unable to develop non-infringing technology or to obtain a license on commercially reasonable terms. Any third party claims of intellectual property infringement may have a material adverse effect on our business, financial condition and results of operation.

33. Valuations in the information technology enabled services industry may not be sustained in future and current valuations may not be reflective of future valuations for the industry.

Generally, the IT product and services companies are sceptical to risk of changes in technologies and changes in client preferences and accordingly there is risk of changes in their valuation on account of impact of the change in market conditions on their financials. There is no standard and uniform methodology for valuation of these industries and further, the Mobile Television activity which one of our Subsidiaries operates in, is such an area, that there are no comparable listed players. Additionally, current valuations may also not be reflective of future valuations within the industry. The business plans of these subsidiaries are all based on these valuations forecasts for these activities and the funds requirement has accordingly been estimated based on these plans. Due to the economic slowdown and other factors beyond the control of our Company/its subsidiaries, if the valuations are not sustained, the financials of our Company/its subsidiaries would be affected, our/our subsidiaries' forecasts could be incorrect and our/our subsidiaries' fund requirements could exceed the estimations and this may require us/our subsidiaries to reschedule project expenditure, which could in turn have a bearing on our/our subsidiaries' expected revenue and earnings.

Further, the subsidiaries of the Company, DSPL and NDPL, which have started their operations in last three years and caters to next generation products and services, may be more prone to this risk as compared to DTPL which is running the BPO business almost for a decade now.

34. We, as well as our Subsidiaries are operating from leased premises, some of which are again taken on lease from related parties. In case the lease facility is not renewed at all or as per terms which are not favorable to us this would lead to temporary disruption of our operations. This could also lead to a negative impact on our financials.

While we believe that all the related party transactions has been conducted on an arm's length basis, there can be no assurance that we might not have achieved/may not achieve more favourable terms had these transactions been taken from some other party instead of the arrangement with the related parties. There can be no assurance that such transactions, individually or in the aggregate, will not have an adverse effect on our business, results of operations and financial condition.

35. If we are unable to protect our information technology infrastructure from security risk, our business may suffer.

We and our subsidiaries typically access and process sensitive data in connection with our services using IT Infrastructure. Although we take adequate precaution to protect the confidentiality of client data and have also implemented internal security audits of our clients, it cannot be assured that we will be able to comply with all those obligations and not incur any liability. If any person, including any of our or our subsidiary's employees breaches our network security or otherwise mismanages or misappropriates the sensitive data or bypass IT Infrastructure we would be subject to significant liability and legal proceedings from our clients or customers for breach of confidentiality. Any breach of our / our Subsidiary's network security / IT infrastructure may also have a negative impact on our reputation, which could have a material adverse effect on our business, results of operations, financial condition and cash flows.

We and our Subsidiaries use IT infrastructure to run our operations and rely heavily on it for their deliverable. In case there is deficiency or defect in IT infrastructure, our operations may get disrupted and run the security risk of losing control over the processes. If we or our subsidiaries are unable to protect their information technology infrastructure from security risk, our consolidated business may suffer.

We may also further be required to provide capital and other resources to ensure that security breaches do not occur or to alleviate problems caused by such breaches. There can further be no assurances that these measures will not be circumvented in future.

36. The accuracy or completeness of facts and other statistics with respect to India, the Indian economy and the mobile handset device industries contained in the Letter of Offer cannot be guaranteed.

While facts and other statistics in the Letter of Offer relating to India, the Indian economy as well as the mobile handset device industries have been based on various publications and reports from agencies that we believe are reliable, we cannot guarantee the quality or reliability of such materials. While we have taken reasonable care in the reproduction of such information, industry facts and other statistics have not been prepared or independently verified by us or any of our respective affiliates or advisers and, therefore we make no representation as to their accuracy or completeness. These facts and other statistics include the facts and statistics included in "Industry Overview" on page 98 of the Letter of Offer. Due to possibly flawed or ineffective data collection methods or discrepancies between published information and market practice and other problems, the statistics herein may be inaccurate or may not be comparable to statistics produced elsewhere and should not be unduly relied upon. Further, there is no assurance that they are stated or compiled on the same basis or with the same degree of accuracy, as the case may be, elsewhere.

37. Our NBFC Registration With The Reserve Bank Of India

Media Matrix Worldwide Limited has been currently registered with Reserve Bank of India (RBI) as a Non-deposit accepting Non-Banking Finance Company (NBFC). Since the Company hasd not carried on activities of an NBFC activities in the past nor does it have an intention of carrying on NBFC activities in the future, the Company has, on September 13, 2011 submitted an application to RBI, seeking to de-register itself as an NBFC. RBI vide its letter dated December 26, 2012 has asked the Company to lower its financials assets (representing investment in subsidiaries) as percentage of total assets to enable it to deregister as NBFC. Since the Company presently does not meet the criteria of principal business as specified by the RBI in its Press Release 1998-99/1269 dated April 8, 1999 and instead qualifies as a Core Investment Company (CIC) based on the current investment structure of the Company, the Board of the Directors of the Company has decided on February 13, 2013 to notify the same to RBI and apply for registration as and when the assets size is Rs.100 cr or above. The response of RBI in this regard is awaited. The Company may be required to pay penalty, if any, levied by RBI for past non-compliance in the past and may be required to comply with NBFC norms, if RBI decides not to de-register the company as NBFC.

Till the time our Company continues to be registered with RBI, the Company would be governed by the RBI Regulations relating to Non Banking Finance companies. In our case, the Regulations or instructions issued by RBI to Non deposit taking NBFCs would be applicable. The major RBI Regulations are those covered under Non Banking Financial (Non Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank Direction) 2007 as amended, Master Circular on Know Your Customer Guidelines, Master Circular on Anti Money Laundering Standards, etc. Other RBI regulations that are to be complied with are master circular on Miscellaneous instructions to Non Banking Finance companies, Master circular on Returns to be submitted by NBFCs and Master Circular on Fair Practises Code.

38. The acquisition of other companies, businesses or technologies could result in operating difficulties, dilution and other harmful consequences

As part of our growth strategy, we have acquired/intend to pursue acquisitions to expand our business.There can be no assurance that we will be able to identify suitable acquisition, strategic investment or joint venture opportunities at acceptable cost and on commercially reasonable terms, obtain the necessary financing to complete and support such acquisitions or investments, integrate such businesses or investments or that any business acquired or investment made will be profitable.

If we attempt to acquire non-Indian companies, we may not be able to satisfy certain Indian regulatory requirements for such acquisitions, and may need prior approval from RBI which we may not be able to obtain. In addition, acquisitions and investments involve a number of risks, including possible adverse effect on our financial results, diversion of management's attention, failure to retain key personnel, risks associated with unanticipated events or liabilities and difficulties in assimilation of the operations, technologies, systems, services and product of acquired businesses or investments. Any failure to achieve successful integration of such acquisitions or investment could adversely affect business, financial condition and results of operations. In addition, anticipated benefits of our investments or acquisitions may not materialize. Future acquisitions could result in potentially dilutive issuance of our equity securities, incurrence of debt, contingent liabilities or amortization expenses or write off goodwill, any of which could harm our financial condition and may have adverse impact on the prices of equity shares.

39. Our Company has issued OFCDs to V&A Ventures LLP, a non promoter group entity. In case V&A Ventures LLP converts 12,40,92,219 OFCDs issued to them and outstanding as on the date of the Letter of Offer, it would be able to influence the outcome of matters submitted to Shareholders for approval and our other Shareholders may not be able to affect the outcome of Shareholder voting.

We have issued 14,40,92,219 OFCDs to V&A Ventures LLP, out of which 12,40,92,219 OFCDs are still pending for conversion. The holder of the OFCDs already holds 19.83% of our paid up capital/voting rights. In case the OFCD holder opts for conversion of the remaining OFCDs in part or full, instead of redemption, they will beneficially own substantial holding in our equity share capital. As a result, there is a possibility of a change in control, they will have the ability to control or influence our decisions, various aspects of our business, including matters relating to any sale of all or substantially all of our assets, the timing and distribution of dividends and the election or termination of appointment of our officers and directors subject to the rights of any lenders to which such shares may be pledged. This control could delay, defer or prevent a change in control of our Company, impede a merger, consolidation, takeover or other business combination involving our Company, or discourage a potential acquirer from making a tender offer or otherwise attempting to obtain control of our Company even if it is in our Company's best interest. In addition, as long as they continue to exercise significant control over our Company, they may influence the material policies of our Company in a manner that could conflict with the interests of our other Shareholders including present promoters. They may have interests that are adverse to the interests of our other shareholders and may take positions with which our present promoters or our other Shareholders do not agree.

40. There has been a change in the management of our Company in Jan 2012 which has lead to a change in our business strategies and business activities. The financials provided (except for Sept 30, 2012) also pertain to substantially to the period when the Company was under the old management and are not indicative in any manner of our future prospects or performance.

Our Company has been taken over in January 2012 by the present promoters and the new management has been undertaking new activities and business plans which are very different from the activities that were undertaken by our Company under the old management. It is not certain or there can be no assurance that these activities and strategies would yield the desired results. Further, most of the financial information included in the Letter of Offer pertains to the period when the Company was carrying on the activities as carved out by the previous management. Hence these financials are not indicative of the future plans, prospects and performance of our Company.

41. Our Company has acquired majority stake in 4 companies which have become our wholly owned subsidiaries and through them we also have acquired one step down subsidiary. Our activities are to a major extent dependent on the performance of our subsidiaries and any failure to integrate the plans of our subsidiaries into our business plans could have an adverse effect on our operations and our financials.

We have acquired 4 subsidiaries in the month of March 2012 and through them, one step down subsidiary and have also invested in acquiring all these 5 subsidiaries. We propose to invest in these subsidiaries in future also and the success of our business plans and operations are heavily dependent on the success of the business plans and operations of these subsidiaries. In case either of these or all of the subsidiaries fail to achieve any of their business targets or fail to implement any of their plans successfully or at all, it could have an adverse impact on our operations, revenue and ultimately our profitability.

42. We had not complied with the provisions of the listing agreement at Madhya Pradesh Stock Exchange in the past.

We have not complied with the provisions of the Listing Agreement with particular reference to payment of listing fees, filing of disclosures under Clause 35, 41, 47C and 49 of the Listing Agreement and have also not made disclosures under Regulation 6(2) & 6(4) for the year 1997 & 8(3) for the years 1998 to 2012 to the Madhya Pradesh Stock Exchange on time. We have, however, now regularized our non filings and delayed filings with the Madhya Pradesh Stock Exchange under the MPSE Amnesty Scheme and have also remitted the listing fee to them till the current year i.e. 2012-13. For the said non compliances, MPSE may initiate suitable penal action against us at a later date, which could include monetary penalties and this may have an adverse impact on our results of operations, reputation and financials.

43.We have not yet entered into definitive arrangements to utilize the Net Proceeds of the Issue to the extent of Rs.1500 Lacs for certain projects.

We have currently earmarked Rs.2233.42 Lacs from the proceeds of the issue for meeting any redemption of the OFCDs outstanding. In case the OFCDs are not redeemed or repaid, we intend to deploy an amount of Rs.1500 Lacs in our subsidiaries, NDPL and DTPL, who have not obtained their definitive business plans for the financial years 2014 and 2015, approved by their Board of Directors. Our inability to deploy the amounts raised in the identified projects and in accordance with our stated schedules of implementation may lead to cost overruns and impact our future profitability. This deployment may not result in adequate returns for us. For further details on the objects of the Issue please refer to section titled "Objects of the Issue" beginning on page 78 of the Letter of Offer.

44. Our Long Term Debt Equity Ratio on a standalone basis for the year ended March 31, 2012 and period ended Sept 30, 2012 is 7.95 and 0.00 respectively and our Total Debt Equity Ratio on a standalone basis for the year ended March 31, 2012 and period ended Sept 30, 2012 is 8.52 and 5.17 respectively. On consolidated basis, our Long term debt to equity ratio for the year ended March 31, 2012 and period ended Sept 30, 2012 is 8.68 and 44.67 respectively, and our Total Debt Equity Ratio is 11.68 and 161.27 respectively. This high level of Debt could put our resources to repay the debts under stress and could also affect our cash flow position in future.

Our Total Debt as on March 31, 2012 and Sept 30, 2012 was Rs.5363.58 Lacs and Rs. 6252.3 Lacs respectively, while our shareholder funds for the same period was Rs.629.20 Lacs and Rs. 1208.99 Lacs respectively, based on the stand alone financials and this may be subject to repayment on demand by the lenders at any time. On consolidated basis, our Total Debt as on March 31, 2012 and Sept 30, 2012 was Rs.7082.2 Lacs and Rs.15618.17 Lacs respectively, while our shareholder funds for the same period was Rs.606.55 Lacs and Rs. 96.85 Lacs respectively. Our Long Term Debt Equity Ratio on a standalone basis for the year ended March 31, 2012 and period ended Sept 30, 2012 is 7.95 and 0.00 respectively and our Total Debt Equity Ratio on a standalone basis for the year ended March 31, 2012 and period ended Sept 30, 2012 is 8.52 and 5.17 respectively. On consolidated basis, our Long term debt to equity ratio for the year ended March 31, 2012 and period ended Sept 30, 2012 is 8.68 and 44.67 respectively, and our Total Debt Equity Ratio is 11.68 and 161.27 respectively. Any failure by our Company to service such indebtedness, comply with a requirement to obtain a consent or otherwise perform our obligations under the financing agreements could lead to a termination of one or more of the credit facilities, trigger cross default provisions, pledge and other security arrangements and penalties and acceleration of amounts due under such facilities which may adversely affect our cash flow position, our business, financial condition and results of operations of our Company and /or Subsidiaries.

45.The investments by us in the subsidiaries are neither diversified nor liquid and as on Sept 30, 2012 are to the extent of Rs. 5157.49 Lacs and the entire amount has been invested in our subsidiaries.

As on Sept 30, 2012, we have investments to the extent of Rs.5157.49 Lacs either in the equity shares or OFCDs of our subsidiary companies which are incorporated in last three years except for DTPL. These shares/OFCDs are unquoted and do not carry any guaranteed returns. These investment in the subsidiaries are neither diversified nor their equity shares are liquid. The OFCDs are interest free. There could be a situation where in the investment could be completely eroded and this could lead to an adverse impact on our financial position at a future date.

Our subsidiaries companies, in which, we have made investment in the recent past, have incurred losses in the recent past. These subsidiaries are neither diversified nor their equity shares are liquid

46. Our Net Asset Value is less than our Shareholders' Funds on consolidated basis for the period ended September 30, 2012

The Net Asset Value of our equity Shares of Face value Re. 1/- , on a consolidated basis was Re 0.10 for the period ended Sept 30, 2012, which is less than the Face Value of Re. 1/-. This indicates erosion in the Shareholder's funds on consolidated basis. Continuous reduction in the Net Asset Value in comparison to the shareholders' funds could indicate our inability to protect Shareholder's funds, give adequate returns to Shareholders, service our debts and could also affect our solvency position.

47. The growing opposition to outsourcing in the United States and the host of measures announced to such companies which do not generate revenue by outsourcing their business by the United States Administration could have an impact on our business and profitability.

Our wholly owned subsidiary DigiCall Global Private Limited is in the BPO sector which sources its revenues from the business outsourced by companies in the United States and other countries in the West. The recent opposition to outsourcing by the Administration in the United States of America has had an impact on the income generated by Indian companies and will continue to do so, if the opposition to outsourcing continues. This could have a direct impact on the profitability and revenue generated by our subsidiary DGPL and indirectly on our financials and revenue generated.

48. The members of our Company had resolved to change the name of our company on April 06, 2011, and the request for the change of name was rejected by the Registrar of Companies, for non compliance of statutory provisions.

The members of our Company, had resolved through postal ballot, by way of Special Resolution, to change the name of the Company to "New Earth Alternate Technologies Limited" , the results of which was announced on 6th April 2011. Certain alterations to the Main Objects were also approved by members by way of Special Resolution dated 6th April, 2011. However, these changes could not become effective as the relevant e-Forms filed with Ministry of Corporate Affairs were rejected and not taken on record. The reason cited for rejection was "non filing of Annual Accounts and Annual Returns of the MMWL pertaining to earlier year(s). Our Company, thereafter, decided not to pursue the matter further and as such neither the change of name nor alteration to the Objects as approved by the members of our Company on 6th April, 2011, as stated above, has been given effect to". We have however now complied with the requirement of filing of Annual Accounts and Annual Returns and there are no non compliances as on the date of the Letter of Offer.

RISKS SPECIFIC TO OUR SUBSIDIARIES

Since these risks could affect the operations, reputation and financials of our respective Subsidiaries, It could ultimately have an adverse impact on our reputation, operations and our financials.

Risks Specific to DigiCall Teleservices Private Limited, (DTPL) our wholly owned Subsidiary (BPO)

49. Our Subsidiary, DigiCall Teleservices Private Limited relies on forecast provided by clients for a large proportion of its income, and loss on account of variance in the actual vs forecast of these clients could adversely affect its profitability.

DTPL currently derives and believes that it will continue to derive a substantial portion of its income based on the forecast provided by its clients. As a result of DTPL's reliance on a forecast of clients, it may face certain issues including drop in calls projections. There are a number of factors, other than its performance, that could cause the loss of a client and such factors may not be predictable. DTPL's contracts with these clients allow them to reduce the calls offered without terminating or being in breach of their contract. The loss or significant decreases in the volumes of work from one or more of its large clients would have a material adverse effect on DTPL's business, results of operations, financial condition and cash flows.

Further, if any of its major clients become bankrupt or insolvent, DTPL may lose some or all of its business from that client and its receivables from that client may have to be written off. DTPL's business could also be adversely affected by the merger, acquisition or restructuring of its clients if the new entity chooses not to engage DTPL to provide it with services. These clients may in the future demand price reductions, develop and implement newer technologies, automate some or all of their processes or change their strategy by moving more work in-house or to other providers, any of which could reduce DTPL's profitability. Any significant reduction in or the elimination of the use of the services which DTPL provides to any of its clients, or any requirement to lower its prices would harm its business.

50. The success of the business of DTPL is dependent on its ability to anticipate and respond to client requirements.

Typically, DTPL's clients come to it with certain problems and require it to devise and implement solutions, to achieve better efficiencies in their business. Such a positioning requires a considerable understanding of DTPL's client's business, the domain and the ability to devise solutions, along with the technology to implement these solutions. As its clients continue to seek better solutions, DTPL is required to enhance its domain knowledge, its understanding of client needs and accordingly respond to the changing trends in the industry. DTPL's inability to anticipate and cater to the needs of its existing and prospective clients will affect its business and prospects.

51. Our Subsidiary, DTPL may undertake certain onerous contractual obligations with some of its clients with mutual discussion.

DTPL has, in the past, included certain covenants in the agreements with its clients with respect to rewards and penalty. Further, DTPL cannot assure that its existing or prospective customers will not demand for similar provisions in their contracts. While DTPL believes such obligations have not materially affected it in the past, there can be no assurance that they will not adversely affect it in future. Furthermore, if it refuses to enter into contracts that contain such obligations, DTPL may lose prospective clients and its business, financial condition and results of operations could be adversely affected.

52. All of the client contracts of our Subsidiary, DTPL can be terminated without cause and with little agreed notice, which could negatively impact its revenues and profitability.

All of DTPL's client contracts are on a non-exclusive basis and can be terminated with or without cause, after requisite notice period, which is typically 30-60 days and without termination-related penalties. Further, its business is dependent on the decisions and actions of its clients, and there are a number of factors relating to its clients that are outside DTPL's control that might result in the termination or non-renewal of an agreement or the loss of a client. Its clients may demand price reductions, change their strategy by moving more work in-house or to DTPL's competitors or replace their existing software with packaged software supported by licensors. Any of these factors could have a material adverse effect on DTPL's business, financial condition and results of operations.

53. Certain processes may become obsolete with the development of technology that may automate and eliminate the need for some of the services that DTPL currently provide.

The businesses of DTPL's clients, especially those in telecom, retail, manufacturing and financial services, are constantly evolving and they seek new ways to increase their efficiency, control costs and maintain high levels of service quality. In time, as newer technologies are developed and implemented, some or all of their processes may be automated or may be moved in-house, potentially reducing or eliminating the need for the services currently performed by DTPL. A significant reduction in services that DTPL provides as the result of process obsolescence and technological improvements will have a material adverse effect on its business.

54. Unauthorized disclosure of sensitive or confidential client and customer data, whether through breach of its computer systems or through employees, could expose DTPL to protracted and costly litigation and cause it to lose clients and business.

DTPL is typically required to access and process sensitive data in connection with its services, including portfolios of its clients in the telecom and financial services sectors. DTPL is also subject to the data protection laws of the jurisdictions where its clients are based. In addition, many of the agreements with its clients do not include any limitation to our liability to them with respect to breaches of DTPL's obligation to maintain confidentiality of information received from them. Although DTPL takes precautions to protect confidential of client data and have also cleared internal security audits of its clients, it cannot be assured that it will be able to comply with all those obligations and not incur any liability. If any person, including any of its employees, breaches DTPL's network security or otherwise mismanages or misappropriates the sensitive data, DTPL could be subject to significant liability and legal proceedings from its clients or their customers for breach of confidentiality. Further, DTPL may be required to expand capital and other resources to protect against the threat of security breaches or to alleviate problems caused by such breaches. There can be no assurances that measures that DTPL implement will not be circumvented in the future. Any breach of its network security may also have a negative impact on its reputation, which could have a material adverse effect on DTPL's business, results of operations, financial condition and cash flows.

55. DTPL may fail to attract and retain trained employees as competition for skilled personnel is intense and it may experience significant attrition rates.

The industry in which DTPL operates is labour intensive and its success depends in large part upon its ability to attract, hire, train and retain qualified employees, including its ability to attract employees with needed skills in the geographic areas in which DTPL operates.

There is significant competition for professionals in India with skills necessary to perform the services DTPL offers to its clients. Increased competition for these professionals could have an adverse effect on DTPL. High attrition rates among its employees could result in a loss of domain and process knowledge, which could result in poor service quality and lead to breaches by DTPL of its contractual obligations. A significant increase in the turnover rate among its employees in India would increase its recruiting and training costs and decrease DTPL's operating efficiency, productivity and profit margins and could lead to a decline in demand for its services. Although DTPL maintains a robust knowledge management and training programs to control the loss of attrition, it cannot guarantee adequacy and efficiency of such measures. In the event DTPL is not able to attract a high degree of talented employees, or experience high attrition levels which are largely out of its control or are unable to motivate and retain its existing employees, the future of its business and operations may be affected.

56. Failure of disaster recovery systems may affect business of DTPL.

DTPL also undertakes measures for disaster protection and downtime reduction which includes close monitoring of backup processes and maintenance of redundancy of all critical hardware and applications. However, in the event that such systems fail due to technical reasons or lack of efficient management of the same, DTPL could loose data critical to its business and this in turn could affect its business, operations and financial condition.

57. If DTPL causes disruptions to its clients' businesses or provides inadequate service, clients may have claims for substantial penalties against DTPL, which could have an adverse impact on the financials of DTPL.

Most of the contracts with clients of DTPL contain service level and performance requirements, including requirements relating to the quality of its services and the timing, quality and quantity of responses to the client's assignments. In some mission critical cases, the quality of services that DTPL provides is measured by quality assurance ratings and surveys which are based in part on the results of direct monitoring by its clients. Failure to meet service requirements of a client or errors made by DTPL's associates in the course of delivering services to its clients could disrupt the client's business and result in a reduction in income or a claim for substantial damages against DTPL. Some of DTPL's agreements specifically stipulate standards of service that, if not met by DTPL, will result in lower payment. In addition, a failure or inability to meet a contractual requirement could seriously damage its reputation and affect its ability to attract new business. DTPL is required to maintain active data communications between its delivery centres and its clients' offices. Although, DTPL maintains spare facilities and communications links, disruptions could result from, among other things, technical and electricity breakdowns, computer glitches and viruses and adverse weather conditions. Any significant failure of its equipment or systems, or any major disruption to basic infrastructure like power and telecommunications in the locations in which DTPL operates, could impede its ability to provide services to its clients, have a negative impact on DTPL's reputation, cause it to lose clients, reduce income and harm its business.

Most, but not all, its client contracts contain limitations on liability, but such limitations may be unenforceable or otherwise may not protect DTPL from liability for damages. In addition, certain liabilities, such as claims of third parties for which it may be required to indemnify its clients, are generally not limited under those agreements. DTPL's insurance coverage may not be available on reasonable terms or in sufficient amounts to cover one or more large claims, and its insurers may disclaim coverage as to any future claims. The successful assertion of one or more large claims against it that exceed available insurance coverage, or changes in its insurance policies and terms thereof (including premium increases or the imposition of large deductible or co-insurance requirements), could have a material adverse effect on DTPL's business, reputation, results of operations financial condition and cash flows.

58.Digicall Global Private Ltd (DGPL) is a Subsidiary of DTPL which caters to the international markets and primarily to the global clients based out in UK and US. DGPL, being in the same line of activity as DTPL, but catering to international markets, is susceptible to the same Risks as for DTPL and all or most of the Risks given above from Risk Factors No. 49 to 58 are applicable to DGPL also. Since, DGPL is extending services to international clients, it faces additional risk of Exchange rate fluctuations, effect of other global developments and uncertainties.

Risks specific to nexG Devices Private Limited, (NDPL) our Wholly Ownded Subsidiary (Mobile handset Trading)

59.If NDPL fails to successfully identify and respond to changing customer preferences and demands in a timely manner, it will not be able to compete effectively and its ability to generate revenues and growth will be adversely impacted.

The markets for NDPL's products are characterized by rapidly changing technologies, frequent new product introductions, short product life cycles and evolving industry standards as well as changes in consumer preferences and demand for features. The competitiveness of the product portfolio depends on its ability to introduce on a continuous and timely basis, new innovative and appealing products and upgrade the existing products with added features and to create new or address yet unidentified needs among our current and potential customers. In order to do so, it needs to identify and understand the key market trends and user segments and address its customers evolving needs in different customer segments proactively and on a timely basis. To achieve that, it must constantly obtain and evaluate feedback from its customers and distributors and suppliers on customer usage patterns. If it fails to analyze correctly or accurately anticipate technological trends or its end users needs and preferences, or if it is unable to respond to such trends by developing and offering cost effective products, NDPL' ability to retain current, as well as attract new, customers will be impaired, and the ability to generate revenues and growth will suffer.

Even if it successfully identifies and respond to changing customer preferences and demands in a timely manner, they may not gain traction in the market at all or at anticipated levels, which would adversely affect its business.

60. If NDPL is unable to successfully manage the introduction of new products, its business and financials and ultimately our business, operating cash flows and financial condition will also be adversely affected.

As NDPL introduces new or upgraded products it faces risks including, among other things, disruption in customers' ordering patterns, excessive or insufficient levels of existing product inventories, difficulties in ramping-up our sourcing arrangements, revenue deterioration in existing product lines, insufficient supplies of new products to meet customers' demand, possible product and technology defects and a potentially different sales and support environment. Failure to manage the introduction of newer products will adversely affect its business, operating cash flows and financial condition.

61. NDPL may face product recalls, product liability claims and legal proceedings if the quality of the products does not meet customers' expectations, in which case sales and operating earnings, and ultimately its reputation, could be negatively impacted.

The products of NDPL may contain quality issues or undetected errors or defects, especially when first introduced or when new models or versions are released, resulting from the design or manufacture of the product, or from the software or other components used in the product. These issues may be caused by components purchased by our OEM partners or by NDPL, on behalf of its OEM partners, from suppliers. Such quality issues can expose NDPL to product liability or recall claims in the event that its products fail to meet the required quality standards, or are alleged to cause harm to customers. NDPL has not made any recall of products in the past. However, it faces the risk of legal proceedings and product liability claims being brought against it by various entities including consumers, distributors and government agencies for various reasons including for defective products sold or services rendered. NDPL cannot assure it will not experience any product recalls or material product liability losses in the future or that it will not incur significant costs to defend any such claims. A product recall or a product liability claim may adversely affect its reputation and brand image, as well as entail significant costs in excess of its available insurance coverage, which may adversely affect its reputation, business and financial condition.

62.The products marketed by NDPL are manufactured by third parties that, in turn, rely on third-party suppliers, which present numerous risks to the ability of NDPL to receive an adequate supply of quality products.

Mobile handsets, are manufactured from a select group of OEM partners, some of whom have been working with NDPL since the commencement of its mobile handset business. NDPL relies on these OEM partners to manufacture the products and they in turn rely on third-party suppliers for many of the components used in the products. Moreover, the agreements with the OEM partners are generally not long-term or exclusive and, although NDPL works closely with our OEM partners and their third-party suppliers, it does not exercise control over their contractual arrangements. Thus, the manufacturing model presents numerous risks to the ability to receive an adequate supply of quality products at reasonable prices and meet NDPL's customers' demands, which, if it fails to do, would have a negative impact on its business, financial position, results of operations, cash flows and prospects. These risks include:

- interruptions to the manufacturing operations of OEM partners or their third-party suppliers due to strikes, lockouts, work stoppages or other forms of labour unrest, breakdown or failure of equipment, earthquakes, floods and other natural disasters as well as accidents and the need to comply with the directives of relevant governmental authorities;
- insufficient quality controls or failures in the quality controls of the OEM partners or their third-party suppliers;
- significant adverse changes in the financial or business conditions of the OEM partners or their third-party suppliers;
- performance by the OEM partners or their third-party suppliers below expected levels of output or efficiency;
- any inability of the OEM partners or their third-party suppliers to obtain timely and adequate delivery of quality materials, parts and components;
- increases in the costs of materials, parts and components;
- Any inability on NDPL's part to renew existing agreements with or find replacements for existing OEM partners and third-party suppliers, respectively;
- Risks related to the delay in making deliveries as the OEM partners and third-party suppliers are based outside India; and
- Misappropriation of intellectual property by the OEM partners or their third-party suppliers.

63. Since NDPL sources the products manufactured in China, any restrictions on foreign trade in India, particularly with respect to the import or use of mobile communication technology and equipment manufactured in China, will materially adversely affect the business of NDPL and ultimately our business operations and financial condition.

Our Company and our Subsidiary, NDPL, currently imports entire quantity of mobile handsets for trading from China. Our Company had placed orders worth US $ 131,751.20 (Approx. INR 65,08,510) for imports from China in FY 2011-2012 which constitutes 100% of its import orders placed in FY 2011-12. Our Company/NDPL shall continue to import goods for significant value from China. In case there is a restriction on the import of these handsets or any change in the regulatory framework which would lead to the Government restricting free import or trading of these handsets, our and NDPL's operations would be adversely affected. This would in turn have an impact on the financial performance of the Company and NDPL.

64. NDPL relies completely on third party agencies for the supply and transportation of its products from OEM partners in China to its distributors, which is subject to various uncertainties and risks.

NDPL relies completely on third party agencies to manage its supply chain and ensure the timely delivery of its products, who in turn rely on a combination of air and road transport to supply its products. These transportation facilities may not be adequate to support its existing and future operations. Further, disruptions of transportation services due to weather-related problems, strikes, lock-outs, inadequacies in the road infrastructure or other events could impair its ability to supply its products to its customers. Any such disruptions could materially and adversely affect the business of NDPL, its financial condition and results of operations.

NDPL cannot assure that it will be successful in continuing to receive uninterrupted service from its supply chain service providers for all its current and future products. Any disruption or inefficiencies in the supply chain network may adversely affect NDPL's business and results of operations.

65. NDPL has experienced negative cash flows from operating activities in Fiscal 2012. Any negative cash flows from operating activities in the future could adversely affect its results of operations and financial condition.

For Fiscal 2012, NDPL had negative cash flow from operating activities on account of the lower scale of operations being first year of operations. Any negative cash flows from operating and investing activities in future would adversely affect its results of operations and financial condition.

66.If NDPL does not accurately forecast demand for its products, revenues, gross profit and financial condition could be adversely impacted.

The demand for its products depends on many factors, including pricing and channel inventory levels, and is difficult to forecast due in part to variations in economic conditions, changes in customer preferences, relatively short product life cycles, changes in competition, seasonality and reliance on key sales channel partners. It is particularly difficult to forecast demand by individual product. Significant unanticipated fluctuations in demand, the timing and disclosure of new product releases or the timing of key sales orders could result in costly excess inventories, liabilities for failure to achieve minimum purchase commitments or the inability to secure sufficient, cost-effective quantities of its products. This could adversely impact the revenues, gross profit and financial condition NDPL.

67.NDPL incurs expenses in both Indian Rupees and U.S. Dollars and exchange rate movement may cause it to incur losses when hedging of its Foreign exchange exposure is not sufficient.

NDPL is exposed to Foreign Exchange rate risk on imported components and products supplied by its OEM partners based in China, which is mostly denominated in U.S. Dollars. NDPL reports its financial results in Indian Rupees, while expenses are denominated, or incurred in currencies other than Indian Rupees such as the U.S. Dollar. While NDPL may enter into hedging transaction to cover its foreign currency exchange risk, there is no assurance that this would adequately cover the risk arising from such exposure. Accordingly, any depreciation of the Rupee against the US Dollar will significantly increase the Rupee cost to NDPL for servicing and repaying its foreign currency payables, which in turn could impact its results of operations.

Risks specific to DigiVive Services Private Limited (DSPL) (Mobile TV business), Our Wholly Owned Subsidiary

68. If DSPL fails to successfully identify and respond to changing customer preferences and demands in a cost-effective and timely manner, it will not be able to compete effectively and its ability to generate revenues and growth will be adversely impacted.

The markets for DSPL's products are characterized by rapidly changing technologies, frequent new product introductions, short product life cycles and evolving industry standards as well as changes in consumer preferences and demand for features. The competitiveness of the product portfolio depends on its ability to introduce on a continuous and timely basis, new innovative and appealing products and enhance existing products with added features and to create new or address yet unidentified needs among its current and potential customers.

In order to do so, DSPL needs to identify and understand the key market trends and user segments and address its customers evolving needs in different customer segments proactively and on a timely basis. To achieve that, it must constantly obtain and evaluate feedback from its customers and its distributors and suppliers on customer usage patterns. If DSPL fails to analyze correctly or accurately anticipate technological trends or its end users needs and preferences", or if it is unable to respond to such trends by developing and offering cost effective products, its ability to retain its current, as well as attract new, customers will be impaired, and its ability to generate revenues and grow its business will suffer.

Even if the development of new products and services in a cost-effective and timely manner are completed, they may not gain traction in the market at all or at anticipated levels, which would adversely affect the business of DSPL.

69.The sales and profitability of DSPL could be harmed if it is unable to maintain and further build its brand.

DSPL believes that its future success will be partially influenced by further development of the "nexGTV" brand and the ability to communicate effectively about its products to various target customers through consistent and focused marketing tools. A number of factors, including adverse publicity regarding its brand ambassadors and unsuccessful new product introductions, may have a negative effect on its reputation and erode its brand image. Insufficient investments in marketing and brand building could also erode or impede the development of DSPL's brand. Further, its brand is relatively new and, therefore, may not have significant brand recall in all market segments in which it sells its products. Although DSPL has expanded, and expect to continue to expand including from the funds received out of the Net Proceeds of the Issue, resources on establishing and maintaining its brand, no assurance can be given that its brand will be effective in attracting and growing customer base or that such efforts will be successful and cost-effective. For further details see, "Objects of the Issue" on page 78-86 of the Letter of Offer. Any impairment of its reputation or erosion of its brand or failure to optimize its brand in the marketing of its products could have a material adverse effect on DSPL's capacity to retain its current customers and attract new customers and therefore on its business, sales volume and profitability.

70.Usage of the application and services may be difficult to predict and DSPL may not be able to adequately and quickly expand capacity and upgrade its systems to meet increased demand.

It is difficult to predict subscriber adoption of new applications or other services, particularly in new markets. As a result, while products may be launched, subscribers may not subscribe to it in the capacity in which projected, which may adversely impact the business of DSPL and ultimately financial conditions and results of operation would suffer.

71.The billing and management information systems of DSPL are critical to its ability to bill customers and realize revenue from operations

Sophisticated billing and customer management information systems are critical to protect DSPL's ability to increase revenue stream, avoid revenue loss and bill its customers accurately and in timely manner. DSPL expects new applications and technologies to create increasing demands on its billing and customer management systems. Problems such as reconciliation of payments, revenue recognition and delayed payments will occur in the complexities involved in the process of billing end user subscribers and tracking payments by these end users subscribers to its carrier customers. DSPL needs to expand and adapt its billing and credit control systems as it introduces new services and as its business expands. If adequate billing, credit control and customer relations systems are unavailable or if upgrades or new systems are delayed or not introduced or integrated in a timely manner, this could materially and adversely affect its business and results of operations.

72. The carrier customers of DSPL could develop some or all of the carrier application services on their own or otherwise bring them in-house, which could result in loss of future business and revenue.

A substantial portion of the future business and revenue is expected to be derived from the carrier application services. While to date, most of the carrier customers do not offer such application services on their own, if they began developing these application services or bring them in house, DSPL could be pressured to lower prices or reduce the revenue share to maintain business with the existing carrier customers. This could result in loss of future revenue from its carrier application services and may have a material adverse effect on the future business, financial conditions and results of operations.

73. Consolidation among or change of ownership of, DSPL's carrier customer may result in loss of carrier customer or reduce its potential customer base, which could negatively impact DSPL's financial performance

Consolidation among carriers may reduce DSPL's potential customer base or may negatively impact its ability to expand its customer base or may result in loss of current carrier customers. In addition, as fewer carrier customers gain control of the subscriber market, pricing pressure is likely to increase and consequently, a change in ownership of carrier customer could also result in loss of current customers if the new owners select another application services provider to provide value added services/solutions. All of the foregoing could have a material impact on the business of DSPL.

74. Delay or default in payments by carrier customers of DSPL may adversely affect revenue realizations.

DSPL expects to derive significant portion of its revenue in future from carrier customers, which provide for payment for services on revenue sharing basis. Typically, delay in payment by the customers will arise primarily due to delay in reconciling billing and usage records with the record prepared by the carrier customers.

75. Carrier network congestion or failures could reduce sales, increase costs or result in loss of revenue.

DSPL relies on its carrier customers' network to deliver its application to their end user subscribers. Congestion on, failure of, or technical problems with, DSPL's carrier customer delivery system or communication networks could result in inability of the subscribers to use its applications. If any of these systems fail, including as a result of an interruption in the supply of power, an earthquake, fire, flood or other natural disaster, or an act of war or terrorism, DSPL's carrier customers subscribers may not be able to access its applications. Any failure of or technical problem with, Its carrier customer network could result in loss of revenue and have a material adverse effect on DSPL's business, financial condition and results of operation.

76. Breach of contracts with its vendors, third party suppliers, or content providers may adversely affect DSPL's business, financial condition and results of operation.

DSPL depends on its vendors and third party suppliers to provide it with the hardware and software required for installation and use of its services by its customers. Further, it depends on content providers to supply contents for deployment by its customers. DSPL may be liable to its vendors, third party suppliers or content providers if it breaches the contract with them.

77. DSPL currently source and aggregate content from content providers pursuant to licensing agreement with them. If it is unable to secure a license on the terms favorable to it might be prevented from providing these services or will incur significant cost to seek alternate content, each of which could result in loss of revenue, business opportunities or reduced margins to both DSPL and our Company.

DSPL has entered into licensing agreements with several content providers to license copyrighted contents or works for use as part of the services it provides to its customers and the subscribers. Most of the licensing agreement that has been entered into have, among other things, confidentiality obligations. Some of these agreements also restrict it from entering into similar agreements with other third parties during the term of such agreements. Any failure on DSPL's part to comply with such obligations could cause it to be in breach of such contracts and could result in a claim against DSPL for substantial damages or even termination of the contract by the content provider. Further, these licensing agreements are for a short term. And if DSPL is unable to renew these licenses on terms favorable to it or at all, upon their expiration DSPL may be prevented from providing content sourced from these content providers and will have to source alternative content which may result in loss of revenue or business opportunities or reduced margins that would materially harm its business, financial condition and results of operation.

78. DSPL provides application and services to its carrier customers who operate in a regulated industry and the licenses and the regulatory environment in which they operate are subject to change, which may indirectly adversely affect DSPL's operations.

DSPL provides application and services to its carrier customers and are substantially dependent on them to market or to distribute its application or services to their end user subscribers. DSPL's carrier customers operate in the telecommunication industry which is subject to extensive government regulation and licensing requirements. The extensive regulatory structure under which they operate could constrain their flexibility to respond to market conditions, competition or changes in the cost structure. In addition, DSPL's carrier customers are required to obtain wide variety of approvals and licenses from various regulatory bodies. There can be no assurance that the approvals will be granted on a timely basis or at all. The Government of India also revises regulations or policies related to carriers in the telecommunication industry on terms which may not be favorable to carriers customers or which may result in uncertainties in their implementation. In addition, the license which DSPL's carrier customers are required to obtain to operate in the telecom industry, reserves broad discretion to the Government of India to influence the conduct of their business by giving Government of India the right to modify at any time the term and conditions of such licenses, take over the carrier customers networks and terminate, modify, revoke or suspend the license in the event of default by the carrier customers in complying with the terms and condition of the licenses. Any unfavorable changes in the regulatory environment may adversely impact the business, financial condition and prospects of DSPL's carrier customer and this may in turn have a material adverse effect on DSPL's business and result of operations.

79. Dependency on Technology, Content partnerships and network operator determine the choice of the ultimate consumer and these are governed by factors which are beyond the control of DSPL.

Dependency on vendors for various technical integrations is a potential risk for the business. Part of the services is dependent on product content as well as on infrastructure partnerships which are not easy to crack and manage. Irrespective of the best in class product and service deliveries, at the end of it, all depends on the quality of telecom network being provided by the telecom operators.

80. Changing ISP and App Store Policies will have a direct impact on the customer acquisition of the customers

The internet and application store policies of various operators and OEMs on customer acquisition, information capturing as well as charging methodologies may keep on changing and hence could have a direct impact on the business.

81.The penetration of Internet along with speed of Internet in the markets in which DSPL operates and cost of accessing Internet on mobile phones are some of majors factors impacting DSPL's business.

The penetration of Internet in the markets in which DSPL operate and cost of accessing the Internet by the user has a direct impact on DSPL's business. The improved data speed with reduced cost of internet access has a direct bearing on the penetration of Internet and thereby impacting the subscribers to be added by DSPL's application. Currently, India has more than 125 million Internet users which is projected to grow at a faster pace on account of launch of 4G services with latest technologies in the market. With more players entering into 4G, the data access is expected to further move up.

Risks specific to Media Matrix Holdings Private Limited (formerly Digicall Holdings Private Limited) (MMHPL) (Investment business), Our Wholly Owned Subsidiary

82. MMHPL have entered into, and will continue to enter into, related party transactions. There can be no assurance that such transactions, individually or in the aggregate will not have an adverse effect on its business, financial condition and results of operations.

MMHPL have entered into certain transactions with related parties, including its Parent company and Group companies and the amount involved in such related party transactions is Rs. 199 Lacs for the year ended March 31, 2012 For further information on MMHPL related party transactions, see "Financial Statements-Standalone Statement of Related Parties and Related Transactions with them-Annexure XVII on pages 183-185 of the Letter of Offer. While we believe that all its related party transactions have been conducted on an arm's length basis, there can be no assurance that it could not have achieved more favorable terms had such transactions been entered into with unrelated parties.

Furthermore, it is possible that MMHPL will enter into related party transactions in the future. There can be no assurance that such transactions, individually or in the aggregate, will not have an adverse effect on its business, financial condition and results of operations. For details, see our Our Group Entities" on page 145-157 of the Letter of Offer.

83.The acquisition of other companies, businesses or technologies could result in operating difficulties, dilution and other harmful consequences.

As part of our growth strategy, we, through MMHPL, intend to pursue acquisitions to expand our business. There can be no assurance that MMHPL will be able to identify suitable acquisition, strategic investment or joint venture opportunities at acceptable cost and on commercially reasonable terms, obtain the necessary financing to complete and support such acquisitions or investments, integrate such businesses or investments or that any business acquired or investment made will be profitable.

If MMHPL attempt to acquire non-Indian companies, it may not be able to satisfy certain Indian regulatory requirements for such acquisitions, and may need prior approval from RBI which it may not be able to obtain. In addition, acquisitions and investments involve a number of risks, including possible adverse effect on its financial results, diversion of management's attention, failure to retain key personnel, risks associated with unanticipated events or liabilities and difficulties in assimilation of the operations, technologies, systems, services and product of acquired businesses or investments. Any failure to achieve successful integration of such acquisitions or investment could adversely affect business, financial condition and results of operations. In addition, anticipated benefits of its investments or acquisitions may not materialize. Future acquisitions could result in potentially dilutive issuance of its equity securities, incurrence of debt, contingent liabilities or amortization expenses or write off goodwill, any of which could harm its financial condition.

For risks pertaining to the issue of equity shares, external risk factors and other general risks please refer to the section Risk Factors on Page 34-38 of the Letter of Offer.

V PARTICULARS OF THE ISSUE

OBJECTS OF THE ISSUE

We intend to utilize the proceeds of the Rights Issue, after deducting fee payable to Lead Manager to the Issue, Registrar to the Issue, Bankers to the Issue, Legal Advisor to the Issue, Fee payable to SEBI, expenses on advertising, marketing, printing, Refund Banker's charges, and other expenses associated with and incidental to the Issue, ('Net Proceeds') to meet the following objects:

1. To meet funding requirements for our BPO business carried out through our wholly owned subsidiary, DigiCall Teleservices Private Limited
2. To meet funding requirements for our Mobile TV business carried out through our wholly owned subsidiary, DigiVive Services Private Limited
3. To meet funding requirements for our business and businesses of our Subsidiaries namely, nexG Devices Private Limited and Media Matrix Holdings Private Limited (formerly Digicall Holdings Private Limited)
4. To provide for redemption/repayment of OFCDs outstanding post conversion period.
5. To meet our General Corporate Purposes expenses.

The Main Objects clause of Memorandum of Association of our Company/our subsidiaries enables us to undertake the existing activities and the activities for which the funds are being raised by us through the present Issue. Further, we confirm that the activities which we have been carrying out till date are in accordance with the Object Clause of our/our subsidiaries Memorandum of Association.

Cost of the Project and Means of Finance

The funds requirement and deployment are based on internal management estimates and have not been appraised by any Bank or Financial Institution. These are based on the current status of our/our subsidiaries businesses and are subject to change in the light of variations in internal or external circumstances or costs, or our financial condition or business strategy. The Cost of Project and Means of Finance, as estimated by our Management, are given below: **(Rs. in Lacs)**

Sl.No	Particulars	Amount
1	To invest in Subsidiaries	
	a. nexG Devices Private Limited	1000.00
	b. DigiCall Teleservices Private Limited	2000.00
	c. DigiVive Services Private Limited	3500.00
	d. Media Matrix Holdings Private Limited (formerly Digicall Holdings Private Limited)	2000.00
2	Redemption/repayment of outstanding OFCDs or alternatively, in case of non-utilisation/surplus, to fund the following entities:	2233.42
	a. Media Matrix Worldwide Limited	733.42
	b. nexG Devices Private Limited	750.00
	c. DigiCall Teleservices Private Limited	750.00
3	General Corporate Purposes	100.00
4	Rights Issue Expenses	60.00
	Total	**10893.42**

Means of Finance **(Rs. In Lacs)**

Particulars	Amount
Proceeds of this Rights Issue	10893.42

In case of a shortfall in the Net Proceeds, we may explore a range of options including utilizing our internal accruals and / or seeking Debt from Banks / Financial Institutions / other sources to meet such shortfall.

The detailed Break-up of the Objects of the Issue is as under:

1. **Investment in Subsidiaries**

MMWL intend to invest additional amount upto Rs.3500 Lacs and Rs. 2000 Lacs, in the Equity Share Capital or convertible instruments of two wholly owned Subsidiaries, DigiVive Services Private Limited and DigiCall Teleservices Private Limited respectively. Further, we plan to make additional investment of Rs. 1000 Lacs in nexG Devices Private Limited for funding its margin money requirements for securing credit facilities from bank or for purchasing inventory. We also have plan to invest in Media Matrix Holdings Private Limited (Formerly Digicall Holdings Private Limited) to help it discharge its obligation towards payment of outstanding purchase consideration for the remaining stake already bought in DigiCall Teleservices Private Limited and DigiVive Services Private Limited.

The detailed break up of utilization of the funds to be received from MMWL by these Subsidiaries are given hereunder:

nexG Devices Private Limited

NDPL is engaged in import of various brands of Mobile handsets and Tablets from China and marketing them in India and as such, the principal activity is trading. The funds requirements are essentially for Working Capital or to meet margin requirements of Banks towards Letter of Credit.

nexG Devices Private Limited intends to utilize the sum of Rs. 1000 Lacs for the following activities/purposes

- To fund the margin money requirements for securing fund and non-fund based credit facilities from Banks and for purchase of inventory to the tune of Rs. 1000 Lacs over the period FY2013-14.

Currently, NDPL has been securing the non-fund based credit facilities from banks against 100% margin. We are proposing to meet NDPL margins requirements for securing credit facilities from banks and for purchase of inventory, to the extent of Rs. 1000 lacs, from the proceeds of the Issue.

The funds requirements are estimated as follows: **(Rs. In Lacs)**

	FY2012A	FY2013P	FY2014P
Calculation of Working Capital			
Debtors	276	1322	3131
Inventory (Handsets and tablets)	505	1465	3274
Current Assets	781	2787	6405
Creditors for Purchases	885	1689	2999
Creditors for expenses	497	189	312
Current Liabilities	1382	1878	3311

Net working capital	166	910	3094
(Increase)/decrease in net working capital		(743)	(2184)

(Rs. In Lacs)

Funding Statement	FY 13P	FY 14P	Total
EBITDA (Loss funding) (A)	(31)	1,626	
Finance Costs (B)	(167)	(305)	
(Increase)/decrease in Working Capital (C')	(743)	(2,184)	
Security Deposits & Others (D)	0	(100)	
Funding Requirement (A+B+C+D)	(942)	(963)	
Total Funding required			1905
To be met of out of the proceeds of Right issue			1000
Balance to be met by way of borrowings /LC facility			905

The figures for FY12 are actuals and for FY 13 and FY 14 are projected requirements.

Out of the total Working Capital requirements of Rs. 1905 Lacs over FY 13 and FY 14 as estimated above, Rs. 1000 Lacs is being met by way of funding by MMWL from the proceeds of this Issue. The balance will be met through internal accruals in FY2014 and Bank limits including Letters of Credit for margin requirements of the Banks will be met from the funds received from MMWL.

NDPL has been sanctioned a limit of Rs.500 Lacs for non-fund based facilities from its bankers against the margins provided in the form of FDR.

DigiCall Teleservices Private Limited

DigiCall Teleservices Private Limited intends to utilize the sum of Rs. 2000 Lacs for the following activities/purposes:

- To fund the margin money requirements to the tune of Rs. 500 Lacs over the period FY2013-14
- To fund the capital expenditure, as part of ongoing expansion/modernization process, to the tune of Rs. 500 lacs over the period FY2013-14.
- Repayment of existing third party unsecured loan of Rs. 1000 Lacs taken from Parmesh Finlease Limited, a registered NBFC company, over the period FY2013-14.

The detailed projected working capital requirements of DTPL is as under: **(Rs. In Lacs)**

Computation of Net Working Capital	Actuals	Projected	Projected
Current Assets	FY12	FY13	FY14
Cash & Bank Balances (incl. Margin money)	38.22	85.00	61.00
Receivables other than deferred & exports (incl. Biils Purchased & Discounted by Banks)	1278.37	1968.28	2125.48
Advance recoverable in cash or kind	20.52	10.00	60.00
Advance Payment of Taxes/with excise dept.			
- Service Tax	83.78	65.00	75.00
- TDS recoverable	483.36	304.30	578.00
Total Current Assets	1904.26	2432.59	2899.48
Current Liabilities			
Sundry Creditors (Trade)	302.27	624.21	785.4
Other Statutory Liabilities (due within one year)	375.15	142.69	148.786
Deposits/ Instalments of term loans/ DPGs/ Debentures etc. (due within one year)	7.78	1.65	0
Other Current Liabilities & Provisions	584.76	455.11	250
Total Current Liabilities	1,269.96	1,223.66	1,184.19
Net Working Capital (Excluding cash)	596.07	1123.92	1654.29
Change in Working capital		527.85	530.37

The breakup of the capital expenditure is as under **(Rs. In Lacs)**

	FY 13	FY 14
Capital Expenditure	**500.00**	**287.86**
(Representing IT equipments)		

The detailed break-up of the projected capex of DTPL is as follows: **(Rs. In Lacs)**

Particulars	FY2013	FY2014
Personal Computers	194.92	162.82

Dialers, Switches, Exchange CAL	169.77	125.04
HR MIS & Inventory	15.00	
Servers	120.30	
TOTAL	**500.00**	**287.86**

DTPL is in the BPO Industry and its major hardware requirements are for Personal Computers, Diallers, Switches, Servers etc. and Software. Depending upon the number of desks that are added, the requirements of these items will change. All these Hardware are available off the shelf and the prices vary very frequently. Also, Hardware of higher capacities, efficiencies and features also hit the market on a regular basis. In view of this, DTPL has not obtained quotations for these items and has based the funds requirements considering the currently estimated increase in desks at current market rates. In case of any variation in prices, the number of each item can also be adjusted accordingly.

DTPL had taken a loan of Rs. 1000 Lacs, from various lenders including NBFC, to part finance the Capital Expenditure already incurred and working capital requirements, pending infusion of funds from MMWL, the holding Company. A sum of Rs. 1000 Lacs is therefore, earmarked for repayment of this loan.

DigiVive Services Private Limited

DSPL is a start-up Company and has developed a Mobile TV application and for which the requisite technology support is done in-house. DSPL launched its product, nexGTv, in May 2011. nexGTv is a mobile based application and has been downloaded by over than 7.5 million users as of December 31, 2012 from various app stores. The monetization of the product is yet to be done by DSPL and would be done once the product gain traction in the market. Since the Company has launched the application in the recent past, there is a gestation period involved and generation of revenue by DSPL to cover its operating cost would take some time. Till such time, DSPL would require infusion of funds for Capital Expenditure, Working capital and also to meet the gap of operating expenses over operating Income.

DigiVive Services Private Limited intends to utilize a sum of Rs. 3500 Lacs for the following activities/purposes based on its business plan over the next two years i.e. FY2013-14:

- To fund the working capital requirements to the tune of Rs. 1500 Lacs over the period FY2013-14.
- To fund the capital expenditure, as part of ongoing expansion to the tune of Rs. 525 Lacs over the period FY2013-14.
- To fund the operating expenditure including personnel cost of Rs. 1475 Lacs over the period FY2013-14.

The detailed Working Capital /Operating Expenditure funding requirements of DSPL based on its business plan is as under:

(Rs. in Lacs)

Particulars	**FY2013 Proj**	**FY2014 Proj**	**Total**
Increase in Working Capital			
Current assets	647.54	1545.86	2193.40
Current liabilities	282.52	432.96	715.48
Net working capital	365.02	1112.90	1477.92
(Increase)/Decrease in Working capital	(750.73)	(747.88)	(1,498.60)

The above estimated requirement is proposed to be fully met from the investment by MMWL out of the proceeds of the Rights Issue.

- Capital expenditure (towards network equipment, office equipment and furniture and fixtures), as part of ongoing expansion to the tune of Rs. 849.37 Lacs over the financial years FY2013 and FY2014.

  Of the above estimated requirement, Rs. 525 Lacs is proposed to be met from the investment by MMWL from the proceeds of the Rights Issue.

- The operating expenditure including content cost and personnel cost to the tune of Rs. 1475 Lacs has been estimated as per details given below. **(Rs. in Lacs)**

Particulars	**FY2013 Proj**	**FY2014 Proj**	**Total**
Content Cost	963.38	2853.57	3816.95
Personnel Cost	848.44	952.22	1800.66
Other Costs	1454.19	2253.69	3707.88
Total Expenditure (Including content cost)	3266.01	6059.48	9325.49
Expected surplus/(shortfall) in revenue	(1679.51)	203.97	(1475.54)

The details of the funding requirements of DSPL based on its business plan are as under: **(Rs. in Lacs)**

Particulars	**FY2013 Proj**	**FY2014 Proj**	**Total**
Increase in Working capital (A)	(750.73)	(747.88)	(1,498.60)
EBITDA (Loss funding) including content cost (B)	(1679.51)	203.97	(1475.54)
Capital Expenditure (C)	(434.04)	(415.33)	(849.37)
Total Funding required (A+B+C)			(3,823.51)

To be met by investment by MMWL from funds out of the proceeds of the Rights Issue			3500.00
Balance funding to be met by way of borrowings			323.51

The total funds requirement as per above estimate, covering the period FY13 and FY14 is projected at Rs. 3824 Lacs, out of which Rs. 3500 Lacs would be met from funds to be received out of MMWL from the proceeds of the Rights Issue in the manner mentioned above.

Media Matrix Holdings Private Limited (formerly Digicall Holdings Private Limited)

Media Matrix Holdings Private Limited (formerly Digicall Holdings Private Limited) intends to utilize a sum of Rs. 2000 Lacs for the following activities/purposes over the next 2 Years:

- To fund the payment of outstanding purchase consideration, payable for stakes acquired in DigiCall Teleservices Private Limited and DigiVive Services Private Limited respectively, the amount payable being Rs. 1380 Lacs and Rs. 139 Lacs respectively, aggregating to Rs. 1519 Lacs.

  Out of this, Rs. 300 Lacs have already been paid out of borrowed funds.
- To fund any acquisition which may be required for inorganic growth of its business or business of other Subsidiaries of MMWL including step down subsidiaries, if any, in future to enable MMWL or its Subsidiaries to remain competitive in the market. The Funds earmarked is to the tune of Rs. 481 Lacs, to be so utilized over the period FY2013-14.

  Further, the balance amount of Rs. 481 Lacs out of Rs. 2000 Lacs is proposed to be utilized for any inorganic acquisitions, if an opportunity arises. In case no such options are available or till such time such options materialize, MMHPL will be utilizing the funds to extend loans to fellow subsidiaries of MMWL to finance their working capital requirements or for making market investments especially in Media or related companies.

  It may be noted that no Dividend is assured on the investments proposed to be made by MMWL in its Subsidiaries.

2. To provide for redemption/repayment of OFCDs outstanding post conversion period

Post conversion of 200 Lacs OFCDs into 200 Lacs equity shares by OFCDs holder on August 7, 2012, the Company has 12,40,92,219 OFCDs of Rs. 3.47 each aggregating to Rs. 4306 Lacs outstanding in the name of V& A Ventures LLP which gives OFCDs holder an option to exercise conversion of each OFCD into one Equity Share of Re.1/- each at a premium of Rs.2.47 per Equity Share within eighteen months from the date of allotment of the OFCDs i.e March 29, 2012. In the event of the OFCDs holder exercise such an option to convert within the stipulated period, there will be no obligation to repay outstanding OFCDs amount. However, in the event OFCDs holder does not exercise such an option to convert within the stipulated period, there would be an obligation on the part of the Company to repay the amount outstanding and not converted into equity shares of the Company. To meet the funding requirement in that situation, the management deemed it necessary to provide for redemption/repayment of OFCDs amount to the tune of Rs. 2233.42 Lacs. The Company does not have adequate internal accurals to meet any such redemption requirement, which may crystallize before expiry of 18 months from date of allotment of OFCDs and hence a part of the funds raised through this Issue are proposed to be earmarked to provide for redemption/repayment so as to meet any such eventuality.

If the entire or part of the outstanding OFCDs are converted into Equity Shares of the Issuer Company within the stipulated conversion period, at the option of the OFCD holder, then the surplus amount reserved for the redemption as aforesaid towards redemption/repayment of the OFCDs would be utilised by the Company for the following purpose in the given order of priority:

- For meeting the working capital/margin funding requirement of the Company to the extent of Rs. 733.42 Lacs for the financial years FY2013 and FY2014 (as per the details given below).
- For meeting the capital expenditure and working capital requirement of DTPL to the tune of Rs. 750 Lacs .
- For meeting the working capital requirements and/or for purchase of inventory for NDPL to the tune of Rs. 750 Lacs.

Based on the above, we would be using the funds in MMWL in case all or part of the OFCDs is converted into equity shares and the amount is left over from redemption reserve. The calculation of the margin money requirement based on the summary business plan of MMWL is given below:

(Rs. in Lacs)

MMWL P&L Statement	FY2013 Proj	FY 2014 Proj	Total
Sales of Handset	9,134	16,775	
Cost of Goods sold	8,955	16,446	
Non-fund based limits required for purchase of inventory (2 Months of cost of goods sold)	**1,492.55**	**2,741.03**	
Total non-fund based limits required			**2,741.03**
Margin money required (40% of Limits)			**1,096.41**

The margin money requirement of upto Rs. 1096.41 Lacs is proposed to be met out of the proceeds of Right Issue in case the funds are not utilised for redemption/repayment of OFCDs. In the event of redemption of OFCDs, the margin money requirement would be met by alternate collateral security to be provided/arranged by the promoter group.

It may be noted that the above funding requirements of the Company and our subsidiaries, NDPL and DTPL, are based on the management estimates as the business plans for FY14 and FY15 are yet to be prepared and approved by the Board of respective companies.

In the event the amount of OFCDs to be redeemed is more than amount reserved of Rs. 2233.42 the same would be met out of internal accruals of the Company. In case internal accruals are not sufficient to meet the shortfall in redumption of OFCDs, the balance would be met by the promoter group by bringing in unsecured loans, if necessitated.

3. To meet General Corporate expenses

MMWL intend to utilize a sum of Rs. 100 Lacs towards general corporate purposes including its own margins requirement for securing credit facilities from banks purposes and any contingency related to any of the existing or future project of the Company and/or its Subsidiaries

4. To meet issue expenses

The Issue related expenses include, among others, fees to the lead manager, registrar to the Issue, Legal Advisor to the Issue, advertising and publicity expenses, printing and stationery expenses. The estimated expenses of the Issue are as follows:

Activity	Amount (Rs. In Lacs)	% of Issue Size	% of Total expenses
Fee payable to the Lead Manager to the Issue	25.00	0.229%	42%
Fees to the Registrar to the Issue	1.00	0.009%	2%
Professional and Statutory Fees	9.00	0.083%	15%
Advertising, Travelling and Publicity Expenses	10.00	0.092%	17%
Printing, Postage, Stationary Expenses	5.00	0.046%	8%
Banker charges	5.00	0.046%	8%
Other miscellaneous Expenses	5.00	0.046%	8%
Total	**60.00**	**0.551%**	**100%**

Issue of OFCDs in 2011-12 by MMWL and utilization of issue proceeds

The Company has issued Optionally Fully Convertible Debentures (OFCDs) for an aggregate value of Rs. 5000 Lacs which was subscribed by M/s V&A Ventures LLP on March 29, 2012.The salient features of OFCD issue is as follows:

i. 14,40,92,219 OFCDs of face value of Rs.3.47 each aggregating to Rs.5000 Lacs;

ii. After 4 months from the date of allotment of OFCDs and within 18 months from the date of allotment, OFCDs can be converted into equity shares at the option of the OFCD Holder. If the conversion option is not exercised by the OFCD holder within 18 months, the OFCDs would be redeemable by the Company at a redemption premium of 15% of the Face Value;

iii. In case the conversion option is exercised, each OFCD would be converted into one Equity Share of Re. 1/- each at a price of Rs.3.47 per equity share;

iv. Coupon rate on the OFCDs is 0%;

v. Tenure of the OFCDs is 18 months from the date of allotment.

Further, it may be noted that out of the above OFCDs, 200 Lacs OFCDs have been converted into 200 Lacs equity shares of face value of Re. 1 by the OFCDs holder on August 7, 2012 and the balance 12,40,92,219 OFCDs are outstanding as on the date of filing of the offer document.

The utilization of above OFCDs as of March 31, 2012 by MMWL was as under:

Sl.No	Particulars	Amount (Rs. In Lacs)
1	nexG Devices Private Limited	200.00
	• Investment by way of Equity shares	200.00
	• Investment by way of OFCDs	0.00
	• Investment by way of Loan & Advances	0.00
2	DigiCall Teleservices Private Limited	2100.00
	• Investment by way of Equity shares	1309.99
	• Investment by way of OFCDs	700.00
	• Investment by way of Loan & Advances	90.01
3	DigiVive Services Private Limited	2500.00
	• Investment by way of Equity shares	798.50

	• Investment by way of OFCDs	1650.00
	• Investment by way of Loan & Advances	51.50
4	Media Matrix Holdings Private Limited (formerly Digicall Holdings Private Limited)	200.00
	• Investment by way of Equity shares	199.00
	• Investment by way of OFCDs	0.00
	• Investment by way of Loan & Advances	1.00
	Total	**5000.00**

DigiCall Teleservices Private limited (DTPL)

DTPL has made total capital investment at eight locations in India of Rs. 1626.49 Lacs as of March 31, 2012, out of which Rs. 1626.49 Lacs was funded by MMWL out of the OFCDs proceeds. The details of the same are as follows:

Assets including Capital Work In Progress	Amount in Rs. Lacs
Office Equipment	508.38
Furniture & Fixtures	122.90
Computers	646.88
Leasehold	348.34
Total	**1626.49**

The balance amount of Rs. 473.51 Lacs out of the proceeds of OFCDs was used for funding the working capital requirements and the operating loss of DTPL for the financial year ended March 31, 2012.

DigiVive Services Private Limited (DSPL)

DSPL has used the funds primarily for funding the content cost and capital expenditure besides funding for routine operations of DSPL, which started its operations in FY2011 and launched its product in May 2011. The monetization of the product is yet to be done by DSPL and would be done once the product gain traction in the market. The details of the end use of the Funds utilized by DSPL till March 31, 2012 are as follows:

Particulars	Amount (Rs. in Lacs)
Capital expenditure	519.25
Content Expenses (Opex Funding)	461.69
Other than Content (Opex funding)	1,375.75
Loan and advances to group company (DTPL)	143.31
Total Amount Utilised	**2,500.00**

Capex Incurred details (Rs. In Lacs)	FY2012A	FY2011A
Computers	15.22	19.63
Capital Work in progress	67.63	0.00
Furniture & Fixtures	1.85	0.00
Plant & Machinery	184.11	83.59
Software	176.03	21.95
Sub total	**444.84**	**125.16**

nexG Devices Private Limited (NDPL)

MMWL has advanced Rs. 200 Lacs out of the proceeds of OFCDs to NDPL as at March 31, 2012, which was used for part funding the operating loss of NDPL for the year ended March 31, 2012.

Media Matrix Holdings Private Limited (formerly Digicall Holdings Private Limited) (MMHPL)

MMWL has advanced Rs. 200 Lacs out of the proceeds of OFCDs to MMHPL as at March 31, 2012, which was used for investment in listed media companies.

The details of the subsidiaries acquired by the Company before the acquisition, on the date of acquisition and post acquisition is as under:

Sr.No.	Particulars	NDPL	MMHPL	DSPL	DTPL	DGPL#
1.	Net worth					
a.	As on March 31, 2011	NA*	NA*	126.14	1174.28	(0.20)
b.	As on March 31,2012	(459.15)	169.17	1.11	2092.09	(82.45)
c.	As on date of acquisition i.e. 05.03.2012	(437.44)	29.81	**	**	**
2.	Net Asset Value					
a.	As on March 31, 2011	NA*	NA*	126.14	1174.28	(0.20)

b.	As on March 31,2012	(459.15)	169.17	1.11	2092.09	(82.45)
c.	As on date of acquisition i.e. 05.03.2012	(437.44)	29.81	**	**	**
3.	Equity Share Capital					
a.	As on March 31, 2011	NA*	NA*	201.50	691.01	1.00
b.	As on March 31,2012	1.00	1.00	1,000.00	2000.00	50.00
c.	As on date of acquisition i.e. 05.03.2012	1.00	1.00	**	**	**
4	Reserves					
a.	As on March 31, 2011	NA*	NA*	(71.24)	483.27	(1.20)
b.	As on March 31,2012	(459.74)	(29.996)	(995.79)	92.08	(132.05)
c.	As on date of acquisition i.e. 05.03.2012	(438.44)	(30.81)	**	**	**
5	Total Income					
a.	For the year ended March 31, 2011	NA*	NA*	228.68	2513.94	0
b.	For the year ended March 31, 2012	2004.56	29.96	719.43	4320.39	413.82
c.	For the period ended on date of acquisition i.e. 05.03.2012	1287.35	29.96	**	**	**
6	Profit after tax					
a.	For the year ended March 31, 2011	NA*	NA*	(73.30)	(477.05)	0
b.	For the year ended March 31, 2012	(459.94)	(30.41)	(924.03)	(391.18)	(131.12)
c.	For the period ended on date of acquisition i.e. 05.03.2012	(438.18)	(30.38)	**	**	**

*As per the audited financials of these subsidiaries of the Company, the first reporting/accounting year ended on March 31, 2012

** For these subsidiaries of the Company, date of acquisition was March 31, 2012.

#Digicall Global Private Limited (DGPL) is 100% subsidiary of DTPL.

NAME AND SHAREHOLDING OF ULTIMATE NATURAL PERSON PROMOTER BEFORE ACQUISITION IN SUBSIDIARIES

1) nexG Devices Private Limited

Sr. No	Name of the Shareholder	No. of Equity Shares	% of Shareholding
1.	DigiVive Services Private Limited	9980	99.8%
2.	Mr. Surendra Lunia	10	0.1%
3	Mr. Gurdial Singh Khandpur	10	0.1%
	Total	**10000**	**100%**

* Ultimate holding of DigiVive Services Private Limited is with Mr. Surendra Lunia, a Director on the Board of our holding company, DigiVision Holdings Private Limited.

2) DigiCall Teleservices Private Limited

Sr. No	Name of the Shareholder	No. of Equity Shares	% of Shareholding
1.	Motorola Inc	49	0.00%
2	Himachal Futuristic Communications Limited	49	0.00%
3	Quil Trading	2	0.00%
4	Infotel Business Solutions Limited	6,899,960	99.99%
5	Mr. Surendra Lunia	10	0.00%
6	Mr. Gurdial Singh Khandpur	10	0.00%
7	Mr. Kamal Kumar Sharma	10	0.00%
8	Mr. Puneet Anurag	10	0.00%
	Total	**6,900,100**	**100.00%**

* Ultimate holding of Infotel Business Solutions Limited lies with Mr. Surendra Lunia, a Director on the Board of our holding company, DigiVision Holdings Private Limited.

3) DigiVive Services Private Limited

Sr. No	Name of the Shareholder	No. of Equity Shares	% of Shareholding
1.	Infotel Business Solutions limited	1,389,996	68.98%
2	Digivision Ventures Private Limited	625,000	31.02%
3	Mr. Surendra Lunia	1	0.00%
4	Mr. Gurdial Singh Khandpur	1	0.00%
5	Mr. Kamal Kumar Sharma	1	0.00%
6	Mr. Puneet Anurag	1	0.00%
	Total	**2,015,000**	**100.00%**

* Ultimate holding of Infotel Business Solutions Limited lies with Mr. Surendra Lunia, a Director on the Board of our holding company, DigiVision Holdings Private Limited.

* Ultimate holding of Digivision Ventures Private Limited lies with Mr. Surendra Lunia, a Director on the Board of our holding company, DigiVision Holdings Private Limited.

4) Media Matrix Holdings Private Limited (formerly Digicall Holdings Private Limited)

Sr. No	Name of the Shareholder	No. of Equity Shares	% of Shareholding
1.	DigiVive Holdings Private Limited	9990	99.90%
2.	Mr. Surendra Lunia	10	0.10%
	Total	**10000**	**100.00%**

* Ultimate holding of DigiVive Holdings Private Limited lies with Mr. Surendra Lunia, a Director on the Board of our holding company, DigiVision Holdings Private Limited.

The details of consideration paid for acquiring shares of subsidiary companies are as under:

Serial No.	Name of Subsidiary	Amount
1	nexG Devices Private Limited	Rs. 1 Lac
2	Media Matrix Holdings Private Limited (formerly Digicall Holdings Private Limited)	Rs. 1 lac
3 (a)	DigiCall Teleservices Private Limited	Rs. 1310 Lac
(b)	DigiCall Teleservices Private Limited*	Rs. 1380 Lac
4 (a)	DigiVive Services Private Limited	Rs. 798.5 Lacs
(b)	DigiVive Services Private Limited*	Rs. 139 Lacs

*Acquired through MMHPL (Media Matrix Holdings Private Limited)

C SCHEDULE OF IMPLEMENTATION

Since there is no specific activity in which the funds are being invested and the amount is being invested in our subsidiaries and in general corporate purposes, there is no specific schedule of implementation. The amount will be invested as soon the proceeds are received from the rights issue based on business plan of each subsidiaries from time to time.

VI BASIS OF ISSUE PRICE

QUALITATIVE FACTORS

For some of the qualitative factors which form the basis for computing the price, please refer to the section titled "Our Business" on page 109-119 of the Letter of Offer.

QUANTITATIVE FACTORS

Information presented in this section is derived from our Company’s restated financial statements. Some of the quantitative factors, which form the basis for computing the price, are as follows:

1. Basic & Diluted Earnings Per Share (EPS)

Year ended	EPS (Rs.)	Weight
March 31, 2010	0.011	1
March 31, 2011	0.002	2
March 31, 2012	(0.367)	3
Weighted Average	**(0.181)**	

Note:

Earnings per share (Rs.) = Net profit after tax as restated, attributable to equity shareholders / Weighted Average no. of equity shares outstanding during the year (without considering bonus issue and split in previous years)

2. Price Earning (P/E) ratio in relation to Issue Price of Rs. 1.2 per share of Re. 1/- each

Sl. No.	Particulars	
	P/E ratio on the Basic/Diluted EPS for the year ended March 31, 2012	NA since EPS is negative
	P/E ratio on the weighted average Basic/Diluted EPS	NA since EPS is negative

Industry P/E

Particulars	Name of Company	P/E
i) Highest	Mudit Finlease Ltd	4255
ii) Lowest	Green Industries Limited	1.85
iii) Industry Composite		16.03

3. Return on Net Worth (RONW %)

Year ended	RONW (%)	Weight
March 31, 2010	0.9%	1
March 31, 2011	0.1%	2
March 31, 2012	(47.2%)	3
Weighted Average	(23.38%)	

Return on Net Worth (%) = Net profit after tax, as restated X 100 / Net Worth (excluding revaluation reserve) as at the end of the year

4. The minimum Return on Net Worth after Issue, required to maintain pre-Issue EPS for FY 2011-12 - Not applicable since the pre Issue EPS is Negative.

5. Net Asset Value per Equity Share

Particulars	(in Rs.)
NAV as on March 31, 2011	1.15
NAV as on March 31,2012	0.78
NAV as at Sept 30, 2012	1.20
NAV after the Issue	1.20
Issue Price	1.20

6. Comparison of Accounting Ratios

The comparable ratios of the companies which are to some extent similar in business are as given below:

Sr. No.	Name of the Company	Standalone / Consolidated	Face Value (Rs.)	EPS# (Rs.)	P/E$	RONW (%)#	Book Value per share (Rs.)#	Sales (Rs. in Lacs)#
1.	Media Matrix Worldwide Limited	Consolidated*	1	(1.11)	[•]@		1.20	15171.96
Peer Group$								
2.	BF Investment	Standalone	5	11.55	4.03	7.03	164.10	5059.00
3.	Kalyani Investments	Standalone	10	19.28	11.12	3.11	651.92	2096.00
4.	SIL Investments	Standalone	10	9.75	6.84	7.00	139.24	3104.00

** Based on restated consolidated financial statements of our Company for period ended September 30, 2012*

 # Source: Audited financials for the period ended September 30, 2012.

$ Source: Moneycontrol.com .Computed, based on the market price on BSE as on 17-10-2012 and EPS for the year ended March 31, 2012 as reported in the Audited accounts for FY2012

@ EPS is Negative (For Media Matrix Worldwide Limited).

The Face value of the Equity Shares is Re.1/- per fully paid up Equity Share and the Issue Price is 1.2 times of the Face Value.

The Issue Price will be determined on the basis of the demand from the investors in accordance with the SEBI Regulations. The Lead Manager believes that the Issue Price of Rs. 1.2 per Equity Share is justified in view of the above qualitative and quantitative parameters. The investors should peruse the Risk Factors and the financials of our Company including accounting ratios, as set out in "Financial Information" beginning on page no 160 of the Letter of Offer to have a more informed view of the investment.

BASIS FOR ISSUE PRICE - COMPUTED ON A CONSOLIDATED BASIS

QUANTITATIVE FACTORS

Information presented in this section is derived from our Company's restated financial statements. Some of the quantitative factors, which form the basis for computing the price, are as follows:

1. Basic & Diluted Earnings Per Share (EPS) (Consolidated)

Year ended	EPS (Rs.)	Weight
March March 31, 2010	**NA***	1
March 31, 2011	**NA***	2
March 31, 2012	(0.37)	3
Weighted Average	(0.37)	

**Not Applicable*

Note:

Earnings per share (Rs.) = Net profit after tax as restated, attributable to equity shareholders / Weighted Average no. of equity shares outstanding during the year (without considering bonus issue and split in previous years)

2. Price Earning (P/E) ratio in relation to Issue Price of Re. 1.2 per share of Re. 1/- each

Sl. No.	Particulars	
1.	P/E ratio on the Basic/Diluted EPS for the year ended March 31, 2012	NA since EPS is negative
2.	P/E ratio on the weighted average Basic/Diluted EPS	NA since EPS is negative

Industry P/E

Particulars	Name of Company	P/E
i) Highest	Ybrant Digital Ltd	4100.64
ii) LowestBio	Nihar Info Ltd	0.78
iii) Industry Composite		14.78

3. Return on Net Worth (RONW %)

Year ended	RONW (%)	Weight
March 31, 2010	Not applicable	1
March 31, 2011	Not applicable	2
March 31, 2012	(52.67%)	3
Weighted Average	(52.67%)	

Return on Net Worth (%) = Net profit after tax, as restated X 100 / Net Worth (excluding revaluation reserve) as at the end of the year

4. The minimum Return on Net Worth after Issue, required to maintain pre-Issue EPS for FY 2011-12 - Not applicable since the pre Issue EPS is Negative

5. Net Asset Value per Equity Share (Consolidated)

Particulars	(in Rs.)
NAV as on March 31, 2011	Not applicable
NAV as on March 31,2012	0.75
NAV as on Sept 30, 2012	0.10
NAV after the Issue	1.09
Issue Price	1.20

6. Comparison of Accounting Ratios (Consolidated for the Issuer Company)

The comparable ratios of the companies which are to some extent similar in business are as given below:

Sl. No.	Name of the Company	Standalone / Consolidated	Face Value (Rs.)	EPS# (Rs.)	P/E$	RONW (%)#	Book Value per share (Rs.)#	Sales (Rs. in Lacs)#
	Media Matrix Worldwide Limited	Consolidated*	1	(0.37)	[•]@	(52.67%)	0.75	1029.53
Peer Group$								
1	Allsec Technologies Ltd.	Standalone	10	(9.65)	[•]@	(12.44%)	77.51	12471.00
2	Datamatics Global Ltd.	Standalone	5	3.72	7.60	6.59	56.38	16388.00
3	Intrasoft Technologies Ltd	Standalone	10	7.42	7.64	10.08	73.54	2139.00

Notes :

1. ***The peer Group is determined considering the Company as a BPO Services Company on a consolidated basis as more than 50% of the revenue is from Subsidiary carrying on BPO activities and the Other subsidiaries are yet to generate sizeable Income from operations.***
2. ***The Issuer Company did not have any Subsidiaries in the years ended 31st March 2010 and 31st March 2011 and hence the details pertaining to those years are not given.***

** Based on restated consolidated financial statements of our Company for year ended March 31, 2012*

 # Source: Audited financials for the year ended March 31, 2012.

$ Source: Moneycontrol.com .Computed, based on the market price on BSE as on 17-10-2012 and EPS for the year ended March 31, 2012 as reported in the Audited accounts for FY2012

@ EPS is Negative.

The Face value of the Equity Shares is Re.1/- per fully paid up Equity Share and the Issue Price is 1.2 times of the Face Value.

The Lead Manager believes that the Issue Price of Rs. 1.2 per Equity Share is justified in view of the above qualitative and quantitative parameters. The investors should peruse the Risk Factors and the financials of our Company including accounting ratios, as set out in "Financial Information" beginning on page no. 160 of the Letter of Offer to have a more informed view of the investment.

VII OTHER STATUTORY AND REGULATORY DISCLOSURES

A. Special Tax Benefits : There are no special tax benefits available to the company

B. Authority For The Issue : This issue is pursuant to the resolution passed by the Board in their meeting held on February 24, 2012, and by the members of our Company held on March 26, 2012.

C. Eligibility For The Issue : Our Company is eligible to make this rights issue under Chapter VI of the SEBI (Issue of Shares and Disclosure Requirements) Regulations, 2009.

D. Expert Opinion : No expert opinion has been obtained for the rights issue.

VIII ISSUE RELATED INFORMATION

Basis for the Issue

The Equity Shares are being offered for subscription for cash to the existing Equity Shareholders whose names appear as beneficial owners as per the list to be furnished by the Depositories in respect of the Equity Shares held in the electronic form and on the register of members of the Company in respect of the Equity Shares held in physical form at the close of business hours on the Record Date, i.e. March 19, 2013 fixed in consultation with the Stock Exchange.

Rights Entitlement

As your name appears as a beneficial owner in respect of the Equity Shares held in the electronic form or appears in the register of members as an Equity Shareholder of the Company in respect of the Equity Shares held in physical form as on the Record Date, i.e., March 19, 2013, you are entitled to the number of Equity Shares as set out in Part A of the CAF.

The distribution of the Letter of Offer, Abridged Letter of Offer and the issue of Equity Shares on a Rights basis to persons in certain jurisdictions outside India may be restricted by legal requirements prevailing in those jurisdictions. The Company is making the issue of Equity Shares on a Rights basis to the Equity Shareholders and the Letter of Offer/Abridged Letter of Offer and the CAFs will be dispatched only to those Equity Shareholders who have a registered address in India. Any person who acquires Rights Entitlements or Equity Shares will be deemed to have declared, warranted and agreed, by accepting the delivery of the Letter of Offer, that it is not and that at the time of subscribing for the Equity Shares or the Rights Entitlements, it will not be, in the United States.

Face Value

Each Equity Share will have the face value of Re. 1.

Issue Price

Each Equity Share shall be offered at an Issue Price of Rs. 1.20 for cash at a premium of Rs. 0.20 per Equity Share. The Issue Price has been arrived at after consultation between the Company and the Lead Manager.

Rights Entitlement Ratio

The Equity Shares are being offered on a Rights basis to the Equity Shareholders in the ratio of 9 Equity Shares for every 1 Equity Share held on the Record Date.

Terms of Payment

Full amount of Rs. 1.20 per Equity Share is payable on application.

Fractional Entitlements

The Equity Shares are being offered on a rights basis to the existing equity Shareholders in the ratio of 9 Equity Shares for every 1 Equity Shares held as on the Record Date. For Equity Shares being offered on a rights basis under this Issue, the fractional entitlement, if any, of such Equity Shareholders shall be ignored for computation of the Rights Entitlements. However, Equity Shareholders whose fractional entitlement, if any, are being ignored will be given preference in the allotment of one additional Equity Share each, if such Equity Shareholders have applied for additional Equity Shares over and above their Right Entitlement. Since the ratio for right issue is 9:1, fractional entitlement does not arise.

Ranking

The Equity Shares being issued shall be subject to the provisions of the Memorandum of Association and Articles of Association. The Equity Shares allotted in the Issue shall rank pari passu with the existing Equity Shares.

Listing and trading of Equity Shares proposed to be issued

The Company's existing Equity Shares are currently traded on the BSE under the ISIN INE200D01020. The Company's equity shares are also listed at MPSE and no trading takes place in the shares of the Company at MPSE. The fully paid up Equity Shares proposed to be issued on a Rights basis shall be listed and admitted for trading on the Stock Exchanges under the existing ISIN for fully paid up Equity Shares of the Company.

The listing and trading of the Equity Shares shall be based on the current regulatory framework applicable thereto. Accordingly, any change in the regulatory regime would affect the listing and trading schedule.

The Equity Shares allotted pursuant to this Issue will be listed as soon as practicable and all steps for completion of the necessary formalities for listing and commencement of trading shall be taken within seven working days of finalisation of the basis of Allotment. The application for in-principle approval for listing of Equity Shares to be issued pursuant to this issue has been filed with the BSE. The BSE already granted their in- principle approval vide letter dated 26th September, 2012

Rights of the Equity Shareholder

Subject to applicable laws, the Equity Shareholders of the Company shall have the following rights:

- Right to receive dividend, if declared;
- Right to attend general meetings and exercise voting powers, unless prohibited by law;
- Right to vote 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 to free transferability of Equity Shares; and
- Such other rights as may be available to a shareholder of a listed public company under the Companies Act and the Memorandum of Association and Articles of Association.

General Terms of the Issue

Market Lot

The Equity Shares of the Company are tradable only in dematerialized form. The market lot for Equity Shares in dematerialised mode is one. In case an Equity Shareholder holds Equity Shares in physical form, the Company would issue to the allottees one certificate for the Equity Shares allotted to each folio ("Consolidated Certificate").

Joint Holders

Where two or more persons are registered as the holders of any Equity Shares, they shall be deemed to hold the same as joint tenants with the benefit of survivorship subject to the provisions contained in the Articles of Association.

Nomination

Nomination facility is available in respect of the Equity Shares in accordance with the provisions of the Section 109A of the Companies Act. An Equity Shareholder can nominate any person by filling the relevant details in the CAF in the space provided for this purpose. In case of Equity Shareholders who are individuals, a sole Equity Shareholder or the first named Equity Shareholder, along with other joint Equity Shareholders, if any, may nominate any person(s) who, in the event of the death of the sole Equity Shareholder or all the joint Equity Shareholders, as the case may be, shall become entitled to the Equity Shares offered in the Issue. A person, being a nominee, becoming entitled to the Equity Shares by reason of the death of the original Equity Shareholder(s), shall be entitled to the same advantages to which he would be entitled if he were the registered Equity Shareholder. Where the nominee is a minor, the Equity Shareholder(s) may also make a nomination to appoint, in the prescribed manner, any person to become entitled to the Equity Shares, in the event of death of the said Equity Shareholder, during the minority of the nominee. A nomination shall stand rescinded upon the sale of the Equity Shares by the person nominating. A transferee will be entitled to make a fresh nomination in the manner prescribed. When the Equity Shares are held by two or more persons, the nominee shall become entitled to receive the amount only on the demise of all such Equity Shareholders. Fresh nominations can be made only in the prescribed Form available on request at the Registered Office of the Company or such other person at such addresses as may be notified by the Company.

Only one nomination would be applicable for one folio. Hence, in case the Investor(s) has already registered the nomination with the Company, no further nomination needs to be made for Equity Shares that may be allotted in this Issue under the same folio.

In case the allotment of Equity Shares is in dematerialised form, there is no need to make a separate nomination for the Equity Shares to be allotted in this Issue. Nominations registered with respective Depositary Participant ("DP") of the Investor would prevail. Any Investor desirous of changing the existing nomination is requested to inform its respective DP, in case shares are held in dematerialised form and to Registrar / Company if shares are in physical form.

Notices

All notices to the Equity Shareholder(s) required to be given by the Company shall be published in one English language national daily newspaper, one Hindi national daily newspaper and one Marathi language daily newspaper with wide circulation in Maharashtra and/or, will be sent by post to the registered address of the Equity Shareholders in India or the Indian address provided by the Equity Shareholders from time to time.

Additional Subscription by the Promoter

Our Promoter, has, vide their letter dated August 23, 2012, confirmed that they intend to subscribe to the full extent of their entitlement of Equity Shares in the Rights Issue and also apply for additional Equity Shares over and above their Rights entitlement. Our Promoter reserves their right to subscribe to their entitlement and/or apply for additional Equity Shares in the Rights Issue, either by themselves or a combination of entities controlled by them, including subscribing for renunciation, if any, made by other Eligible Equity Shareholders. Our Promoter has also, by their above letter, confirmed that in addition to the subscription to the Equity Shares as stated above, subject to applicable statutory and/or regulatory requirements, they shall subscribe to, and/or make arrangements for the subscription of, additional Equity Shares in the Rights Issue as per the relevant provisions of law such that at least 90% of the Issue is subscribed.

As such, other than meeting the requirements indicated in the section on "Objects of the Issue" on page 76-86 of the Letter of Offer, there is no other intention/purpose for the Issue, including any intention to delist our Company, even if, as a result of allotments to our promoter, in this Issue, the shareholding of our promoter/Promoter Group in our Company exceeds their current shareholding. As a result of subscription to their entitlement and any unsubscribed portion and consequent allotment, our Promoter/Promoter Group may acquire Equity Shares over and above their entitlement in the Rights Issue, which may result in an increase of our Promoters' shareholding in our Company. Such subscription and acquisition of such additional Equity Shares by our Promoter and Promoter Group, if any, will not result in change of control of the management of our Company and our promoter & promoter group shall, subject to compliance of the conditions stipulated under 10(4)(a),10(4)(b)(i) and 10(4)(b(ii) of SEBI (SAST) Regulations 2011, be exempt from making an Open Offer as stipulated under 3(2) of SEBI (SAST) Regulations, 2011.

Allotment to our Promoter and Promoter Group of any unsubscribed portion in the Rights Issue, over and above their entitlement shall be done in compliance with the listing agreements with the Stock Exchange and other applicable laws prevailing at that time relating to continuous listing requirements. Our Company hereby confirms that, in case the Issue is completed with our Promoter and Promoter Group subscribing to Rights Securities over and above their entitlement, the public shareholding in our Company after the Issue will not fall below the minimum level of public shareholding as specified in Clause 40 A of the listing agreement.

Procedure for Application / Issue Procedure

The CAF for the Equity Shares would be printed in black ink for all Equity Shareholders. In case the original CAFs are not received by the Equity Shareholder or is misplaced by the Equity Shareholder, the Equity Shareholder may request the Registrar to the Issue, for issue of a duplicate CAF, by furnishing the registered folio number, DP ID Number, Client ID Number and their full name and address. In case the signature of the Investor(s) does not match with the specimen registered with the Company, the application is liable to be rejected.

Please note that neither the Company nor the Registrar to the Issue shall be responsible for delay in the receipt of the CAF/ duplicate CAF attributable to postal delays or if the CAF/duplicate CAF are misplaced in transit.

Please note that QIB applicants and other applicants whose application amount exceeds Rs. 200,000 can participate in the Issue only through the ASBA process. The Investors who are not QIBs and whose application amount is not more than Rs. 200,000 can participate in the Issue through the ASBA process as well as the non ASBA process.

Option available to the Equity Shareholders

The CAFs will clearly indicate the number of Equity Shares that the Equity Shareholder is entitled to. If the Equity Shareholder applies for an investment in Equity Shares, then he can:

Apply for his Rights Entitlement of Equity Shares in full; Apply for his Rights Entitlement of Equity Shares in part;

Apply for his Rights Entitlement of Equity Shares in part and renounce the other part of the Equity Shares;

Apply for his Rights Entitlement in full and apply for additional Equity Shares; Renounce his Rights Entitlement in full.

Acceptance of the Issue

You may accept the offer to participate and apply for the Equity Shares offered, either in full or in part, by filling Part A of the CAFs and submit the same along with the application money payable to the Bankers to the Issue or any of the collection centers as mentioned on the reverse of the CAFs before the close of the banking hours on or before the Issue Closing Date i.e. April 13, 2013 or such extended time as may be specified by our Board of Directors in this regard. Investors at centres not covered by the collection branches of the Bankers to the Issue can send their CAFs together with the cheque / Demand Draft (net of bank charge) drawn in favor of Media Matrix Worldwide limited-Right Issue 2013 - Resident in case Resident / Non Resident Indian applying on non-repatriable basis and Media Matrix Worldwide limited-Right Issue 2013 - Non Resident Indian in case of Non Resident Indian applying on repatriable basis payable at par at Mumbai to the Registrar to the Issue by registered post. Such applications sent to anyone other than the Registrar to the Issue are liable to be rejected. For further details on the mode of payment, see "Mode of Payment for Resident Investors" and "Mode of Payment for Non-Resident Investors" on pages 256 -258 and 256-258, respectively of the Letter of Offer.

Additional Equity Shares

You are eligible to apply for additional Equity Shares over and above your Rights Entitlement, provided that you are eligible to apply under applicable law and have applied for all the Equity Shares offered to you without renouncing them in whole or in part in favour of any other person(s). Applications for additional Equity Shares shall be considered and allotment shall be made at the sole discretion of the Board of Directors of the Company / Committee, subject to sectoral caps and in consultation if necessary with the Designated Stock Exchange and in the manner prescribed under "Basis of Allotment" on page 259 of the Letter of Offer.

If you desire to apply for additional Equity Shares, please indicate your requirement in the place provided for additional Equity Shares in Part A of the CAF. The Renouncee applying for all the Equity Shares renounced in their favour may also apply for additional Equity Shares. Where the number of additional Equity Shares applied for exceeds the number available for Allotment, the Allotment would be made on a fair and equitable basis in consultation with the Designated Stock Exchange.

Renunciation

The Issue includes a right exercisable by you to renounce the Equity Shares offered to you either in full or in part in favour of any other person or persons. Your attention is drawn to the fact that the Company shall not Allot and/or register the Equity Shares in favour of (i) more than three persons (including joint holders); (ii) partnership firm(s) or their nominee(s); (iii) minors; or (iv) any trust or society (unless the same is registered under the Societies Registration Act, 1860 or the Indian Trust Act, 1882 or any other applicable law relating to societies or trusts and is authorized under its constitution or bye-laws to hold Equity Shares, as the case may be). Additionally, existing Equity Shareholders may not renounce in favour of persons or entities in the United States or who would otherwise be prohibited from being offered or subscribing for Equity Shares or Rights Entitlement under applicable securities laws.

Any renunciation (i) from resident Indian Equity Shareholder(s) to non-resident(s); (ii) from non-resident equity shareholder(s) to resident Indian(s); or (iii) from a non-resident Equity Shareholder(s) to other non-resident(s), is subject to the renouncer(s)/ renouncee(s) obtaining the necessary regulatory approvals. The Company proposes to apply to the RBI for seeking approval for renunciation of Rights Entitlement by (a) an Investor resident in India, in favour of any person resident outside India (other than OCBs); (b) an Investor resident outside India (other than OCBs), in favour of any person resident in India; and (c) an Investor resident outside India (other than OCBs), in favour of any other person resident outside India (other than OCBs). In case the Company does not receive such approval, the renouncer/ renouncee is required to obtain such approval and attach to the CAF. All such renunciations shall be subject to any conditions that may be specified in the RBI approval. Applications not complying with conditions of the approval/ not accompanied by such approvals are liable to be rejected.

By virtue of the Circular No. 14 dated September 16, 2003 issued by the RBI, Overseas Corporate Bodies ("OCBs") have been derecognized as an eligible class of investors and RBI has subsequently issued the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies (OCBs)) Regulations, 2003. Accordingly, the existing Equity Shareholders of the Company who do not wish to subscribe to the Equity Shares being offered but wish to renounce the same in favour of Renouncee shall not renounce the same (whether for consideration or otherwise) in favour of OCB(s).

Part "A" of the CAF must not be used by any person(s) other than those in whose favour this offer has been made. If used, this will render the application invalid. Submission of the CAF to the Banker to the Issue at its collecting branches specified on the reverse of the CAF with the form of renunciation (Part "B" of the CAF) duly filled in shall be the conclusive evidence for the Company of the fact of renouncement to the person(s) applying for Equity Shares in Part "C" of the CAF for the purpose of Allotment of such Equity Shares. The Renouncees applying for all the Equity Shares renounced in their favour may also apply for additional Equity Shares. Part "A" of the CAF must not be used by the Renouncee(s) as this will render the application invalid. Renouncee(s) will have no right to further renounce any Equity Shares in favour of any other person.

Procedure for renunciation

To renounce all the Equity Shares offered to an Equity Shareholder in favour of one Renouncee

If you wish to renounce the offer indicated in Part "A", in whole, please complete Part "B" of the CAF. In case of joint holding, all joint holders must sign Part "B" of the CAF. The person in whose favour renunciation has been made should complete and sign Part "C" of the CAF. In case of joint Renouncees, all joint Renouncees must sign Part "C" of the CAF.

To renounce in part/or renounce the whole to more than one person(s)

If you wish to either (i) accept this offer in part and renounce the balance, or (ii) renounce the entire offer under this Issue in favour of two or more Renouncees, the CAF must be first split into requisite number of forms. Please indicate your requirement of SAFs in the space provided for this purpose in Part "D" of the CAF and return the entire CAF to the Registrar to the Issue so as to reach them latest by the close of business hours on 6th April, 2013 the last date of receiving requests for SAFs. On receipt of the required number of SAFs from the Registrar, the procedure as mentioned in paragraph above shall have to be followed.

In case the signature of the Equity Shareholder(s), who has renounced the Equity Shares, does not match with the specimen registered with the Company/Depositories, the application is liable to be rejected.

Renouncee(s)

The person(s) in whose favour the Equity Shares are renounced should fill in and sign Part "C" of the CAF and submit the entire CAF to the Bankers to the Issue or any of the collection branches as mentioned on the reverse of the CAFs on or before the Issue Closing Date i.e 13th April, 2013 along with the application money in full.

Change and/or introduction of additional holders

If you wish to apply for Equity Shares jointly with any other person(s), not more than three including you, who is/are not already a joint holder with you, it shall amount to renunciation and the procedure as stated above for renunciation shall have to be followed. Even a change in the sequence of the name of joint holders shall amount to renunciation and the procedure, as stated above shall have to be followed.

However, this right of renunciation is subject to the express condition that the Board of Directors shall be entitled in its absolute discretion to reject the request for Allotment from the Renouncee(s) without assigning any reason therefor.

Instructions for Options

The summary of options available to the Equity Shareholder is presented below. You may exercise any of the following options with regard to the Equity Shares offered, using the CAF:

Option Available	Action Required
1. Accept whole or part of your Rights Entitlement without renouncing the balance.	Fill in and sign Part A (All joint holders must sign)
2. Accept your Rights Entitlement in full and apply for additional Equity Shares	Fill in and sign Part A including Block III relating to the acceptance of entitlement and Block IV relating to additional Equity Shares (All joint holders must sign)
3. Accept a part of your Rights Entitlement and renounce the balance to one or more Renouncee(s) OR Renounce your Rights Entitlement to all the Equity Shares offered to you to more than one Renouncee	Fill in and sign Part D (all joint holders must sign) requesting for SAFs. Send the CAF to the Registrar to the Issue so as to reach them on or before the last date for receiving requests for SAFs. Splitting will be permitted only once. On receipt of the SAF take action as indicated below. (i) For the Equity Shares you wish to accept, if any, fill in and sign Part A. (ii) For the Equity Shares you wish to renounce, fill in and sign Part B indicating the number of Equity Shares renounced and hand it over to the Renouncees. (iii) Each Renouncee should fill in and sign Part C for the Equity Shares accepted by them.
4. Renounce your Rights Entitlement in full to one person (Joint Renouncees are considered as one).	Fill in and sign Part B (all joint holders must sign) indicating the number of Equity Shares renounced and hand it over to the Renouncee. The Renouncee must fill in and sign Part C (All joint Renouncees must sign)
5. Introduce a joint holder or change the sequence of joint holders	This will be treated as renunciation. Fill in and sign Part B and the Renouncee must fill in and sign Part C.

Please note that:

Part A of the CAF must not be used by any person(s) other than the Equity Shareholder to whom the Letter of Offer / Abridged Letter of Offer has been addressed. If used, this will render the application invalid.

Request for each SAF should be made for a minimum of one Equity Share or, in each case, in multiples thereof and one SAF for the balance Equity Shares, if any.

Request by the Investor for the SAFs should reach the Registrar on or before April 6, 2013.

Only the Equity Shareholder to whom the Letter of Offer has been addressed shall be entitled to renounce and to apply for SAFs. Forms once split cannot be split further.

SAFs will be sent to the Investor(s) by post at the applicant's risk.

Equity Shareholders may not renounce in favour of persons or entities in the United States or who would otherwise be prohibited from being offered or subscribing for Equity Shares or Rights by the Company.

Entitlement under applicable securities laws.

While applying for or renouncing their Rights Entitlement, joint Equity Shareholders must sign the CAF in the same order and as per specimen signatures recorded with the Company/ Depositories.

Availability of duplicate CAF

In case the original CAF is not received, or is misplaced by the Equity Shareholder, the Registrar to the Issue will issue a duplicate CAF on the request of the Investor who should furnish the registered folio number/ DP and Client ID number and his/ her full name and address to the Registrar to the Issue. Please note that the request for duplicate CAF should reach the Registrar to the Issue within 7 days from the Issue Opening Date. Please note that those who are making the application in the duplicate form should not utilize the original CAF for any purpose including renunciation, even if it is received/ found subsequently. If the Investor violates such requirements, he / she shall face the risk of rejection of either original CAF or both the applications. The Company or the Registrar to the Issue will not be responsible for postal delays or loss of duplicate CAF in transit, if any.

Application on Plain Paper

An Investor who has neither received the original CAF nor is in a position to obtain duplicate CAF may make an application to subscribe to the Issue on plain paper, along with a cheque / Demand Draft (net of bank charge) in favor of “Media Matrix Worldwide Limited -Right Issue 2013 - Resident” in case of Resident or Non Resident Indian applying on non - repatariable basis and “Media Matrix Worldwide Limited - Right Issue 2013 - Non Resident Indian applying on repatariable basis, net of bank and postal charges payable at Mumbai and the Investor should send the same by registered post directly to the Registrar to the Issue. For details of the mode of payment, please see "Modes of Payment" on page 256 and 258. Applications on plain paper will not be accepted from any address outside India.

If any shareholder makes an application on application form as well as on plain paper, both his applications shall be liable to be rejected at the option of the issuer.

The envelope should be superscribed "Media Matrix Worldwide Limited - Rights Issue" and should be postmarked in India. The application on plain paper, duly signed by the Investors including joint holders, in the same order and as per specimen recorded with the Company/ Depositories, must reach the office of the Registrar to the Issue before the Issue Closing Date and should contain the following particulars:

- Name of Issuer, being Media Matrix Worldwide Limited;
- Name and address of the Investor including joint holders;
- Registered Folio Number/ DP and Client ID no.;
- Number of Equity Shares held as on Record Date;
- Number of Equity Shares entitled to;
- Number of Equity Shares applied for;
- Number of additional Equity Shares applied for, if any;
- Total number of Equity Shares applied for;
- Total amount paid at the rate of Rs 1.20 per Equity Share;
- Details of the ASBA Account such as the account number, name, address and branch of the relevant SCSB;
- In case of non-resident investors, details of the NRE/FCNR/NRO account such as the account number, name, address and branch of the SCSB with which the account is maintained;
- Except for applications on behalf of the Central or State Government, residents of Sikkim and the officials appointed by the courts, PAN number of the Investor and for each Investor in case of joint names, irrespective of the total value of the Equity Shares applied for pursuant to the Issue; and
- A representation that the Investor is not and that at the time of subscribing for the Equity Shares or the Rights Entitlements, it will not be, in the United States and is not a "U.S. Person" (as defined in Regulation S under the Securities Act).
- Option to receive Equity Shares in Dematerialized Form

Please note that those who are making an application otherwise than on an original CAF shall not be entitiled to renounce their rights and should not utilize the original CAF for any purpose including renunciation even it is received subsequently. If the investor violates any of these requirements he / she shall face the risk of rejection of both the applications. The company shall refund such application amount to the investor without any interest thereon. Separate DDs are to be attached for amounts to be paid for Equity Shares for each CAF.

General instructions for Investors applying under the ASBA Process

(a) Please read the instructions printed on the respective CAF carefully.

(b) QIB applicants and other applicants whose application amount exceeds Rs. 200,000 can participate in the Issue only through the ASBA process. The Investors who are not QIBs and whose application amount is not more than Rs. 200,000 can participate in the Issue through the ASBA process as well as the non ASBA process.

(c) Application should be made on the printed CAF only and should be completed in all respects. The CAF found incomplete with regard to any of the particulars required to be given therein, and/or which are not completed in conformity with the terms of the Letter of Offer are liable to be rejected. The CAF must be filled in English.

(d) The CAF in the ASBA Process should be submitted at a Designated Branch of the SCSB and whose bank account details are provided in the CAF and not to the Bankers to the Issue/Collecting Banks (assuming that such Collecting Bank is not a SCSB), to the Company or Registrar or Lead Managers to the Issue.

(e) All applicants, and in the case of application in joint names, each of the joint applicants, should mention his/her PAN number allotted under the Income-Tax Act, 1961, irrespective of the amount of the application. Except for applications on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts, CAFs without PAN will be considered incomplete and are liable to be rejected. With effect from 16 August 2010, the demat accounts for Investors for which PAN details have not been verified shall be "suspended credit" and no allotment and credit of Equity Shares pursuant to the Issue shall be made into the accounts of such Investors.

(f) All payments will be made by blocking the amount in the ASBA Account. Cash payment is not acceptable. In case payment is affected in contravention of this, the application may be deemed invalid and the application money will be refunded and no interest will be paid thereon.

(g) Signatures should be either in English or Hindi or in any other language specified in the Eighth Schedule to the Constitution of India. Signatures other than in English or Hindi and thumb impression must be attested by a Notary Public or a Special Executive Magistrate under his/her official seal. The Investors must sign the CAF as per the specimen signature recorded with the Company/or Depositories.

(h) In case of joint holders, all joint holders must sign the relevant part of the CAF in the same order and as per the specimen signature(s) recorded with the Company/ Depositories. In case of joint applicants, reference, if any, will be made in the first applicant's name and all communication will be addressed to the first applicant.

(i) All communication in connection with application for the Equity Shares, including any change in address of the Investors should be addressed to the Registrar to the Issue prior to the date of Allotment in this Issue quoting the name of the first/ sole applicant Investor, folio numbers and CAF number.

(j) Only the person or persons to whom the Equity Shares have been offered and not renouncee(s) shall be eligible to participate under the ASBA process.

(k) Only persons outside the United States and who are eligible to subscribe for Rights Entitlement and Equity Shares under applicable securities laws are eligible to participate.

Do's:

(a) Ensure that the ASBA Process option is selected in part A of the CAF and necessary details are filled in. In case of non receipt of CAF, application can be made on plain paper mentioning all necessary details as mentioned under "Application on Plain Paper" on page 254 of the Letter of Offer.

(b) Ensure that you submit your application in physical mode only. Electronic mode is only available with certain SCSBs and not all SCSBs and you should ensure that your SCSB offers such facility to you.

(c) Ensure that the details about your Depository Participant and beneficiary account are correct and the beneficiary account is activated as Equity Shares will be allotted in the dematerialized form only.

(d) Ensure that the CAFs are submitted at the SCSBs and details of the correct bank account have been provided in the CAF.

(e) Ensure that there are sufficient funds (equal to {number of Equity Shares as the case may be applied for} X {Issue Price of Equity Shares, as the case may be}) available in the ASBA Account before submitting the CAF to the respective Designated Branch of the SCSB.

(f) Ensure that you have authorised the SCSB for blocking funds equivalent to the total amount payable on application mentioned in the CAF, in the ASBA Account, of which details are provided in the CAF and have signed the same.

(g) Ensure that you receive an acknowledgement from the SCSB for your submission of the CAF in physical form.

(h) Except for CAFs submitted on behalf of the Central or State Government, residents of Sikkim and the officials appointed by the courts, each applicant should mention their PAN allotted under the I. T. Act.

(i) Ensure that the name(s) given in the CAF is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the CAF is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the CAF.

(j) Ensure that the Demographic Details are updated, true and correct, in all respects.

(k) Ensure that you apply through ASBA process if you are a QIB or if you are an applicant whose application amount exceeds Rs. 200,000.

Don'ts

(a) Do not apply if you are in the United States or are not eligible to participate in the Issue under the securities laws applicable to your jurisdiction.

(b) Do not apply on duplicate CAF after you have submitted a CAF to a Designated Branch of the SCSB.

(c) Do not pay the amount payable on application in cash, by money order or by postal order.

(d) Do not send your physical CAFs to the Lead Managers to Issue / Registrar / Collecting Banks (assuming that such Collecting Bank is not a SCSB) / to a branch of the SCSB which is not a Designated Branch of the SCSB / Company; instead submit the same to a Designated Branch of the SCSB only.

(e) Do not submit the GIR number instead of the PAN as the application is liable to be rejected on this ground.

(f) Do not instruct your respective banks to release the funds blocked under the ASBA Process.

(g) Do not submit more than five CAFs per ASBA Account;

(h) Do not apply through non ASBA process if you are a QIB or if you are an applicant whose application amount exceeds Rs. 200,000.

Grounds for Technical Rejection under the ASBA Process

In addition to the grounds listed under "Grounds for Technical Rejection" on page 262-263 of the Letter of Offer applications under the ABSA Process are liable to be rejected on the following grounds:

(a) Application for Rights Entitlements or additional shares in physical form

(b) DP ID and Client ID mentioned in CAF not matching with the DP ID and Client ID records available with the Registrar.

(c) Sending CAF to a Lead Managers / Registrar / Collecting Bank (assuming that such Collecting Bank is not a SCSB) / to a branch of a SCSB which is not a Designated Branch of the SCSB / Company.

(d) Renouncee applying under the ASBA Process.

(e) Submission of more than five CAFs per ASBA Account.

(f) Insufficient funds are available with the SCSB for blocking the amount.

(g) Funds in the ASBA Account whose details are mentioned in the CAF having been frozen pursuant to regulatory orders.

(h) Account holder not signing the CAF or declaration mentioned therein.

(i) CAFs that do not include the certification set out in the CAF to the effect that the subscriber does not have a registered address (and is not otherwise located) in the United States and is authorized to acquire the rights and the securities in compliance with all applicable laws and regulations.

(j) CAFs which have evidence of being executed in/dispatched from the United States. (k) Application by ASBA Investors on SAFs.

Modes of Payment

Modes of Payment for the Issue (non-ASBA) : Mode of payment for Resident Equity Shareholders/ Investors or Non Resident Equity Shareholder who are applying in the issue on Non-Repatriable basis • All cheques/ drafts accompanying the CAF should be drawn in favour of the Company (specified on the reverse of the CAF), crossed 'A/c Payee only' and marked **"MEDIA MATRIX WORLDWIDE LIMITED– Rights Issue 2013-Resident"**; • Investors residing at places other than places where the bank collection centres have been opened by us for collecting applications, are requested to send their CAFs together with Demand Draft for the full application amount, net of bank and postal charges favouring the Company, crossed 'A/c Payee only' and marked **"MEDIA MATRIX WORLDWIDE LIMITED– Rights Issue 2013-Resident"** payable at Mumbai directly to the Registrar to the Issue by registered post so as to reach them on or before the Issue Closing Date. We or the Registrar to the Issue will not be responsible for postal delays or loss of applications in transit, if any. Applications through mails should not be sent in any other manner except as mentioned above. The CAF along with the application money must not be sent to our Company or the Lead Manager. Applicants are requested to strictly adhere to these instructions. **Mode of payment for Non-Resident Equity Shareholders/ Investors applying on Repatriable basis :** • As regards the application by non-resident Equity Shareholders/ Investors, the following conditions shall apply: • Individual non-resident Indian applicants who are permitted to subscribe for Equity Shares by applicable local securities laws can also obtain application forms from the following address: SHAREX DYNAMIC (INDIA) PVT. LTD., Unit -1, Luthra Ind. Premises, Safed Pool, Andheri Kurla Road, Mumbai - 400 072; Tel. Nos. (022) 22702485/22641376; Fax. No. (022) 28152885 ; Email ID : sharexindia@vsnl.com; Website: www.sharexindia.com; Contact Person: Mr. B S Baliga; SEBI Regn. No. INR000002102. Note: the Letter of Offer/ Abridged Letter of Offer and CAFs to NRIs shall be sent only to their Indian address, if provided • Applications will not be accepted from non-resident from any jurisdiction where the offer or sale of the Rights Entitlements and Equity Shares may be restricted by applicable securities laws. • All non-resident investors should draw the cheques/ demand drafts in favour of **"MEDIA MATRIX WORLDWIDE LIMITED– Rights Issue 2013 - Non Resident Indian"**, crossed "A/c Payee only" for the full application amount, net of bank and postal charges and which should be submitted along with the CAF to the Bankers to the Issue/ collection centres or to the Registrar to the Issue. • Non-resident investors applying from places other than places where the bank collection centres have been opened by the Company for collecting applications, are requested to send their CAFs together with Demand Draft for the full application amount, net of bank and postal charges drawn in favour of the Company, crossed "A/c Payee only" and marked **"MEDIA MATRIX WORLDWIDE LIMITED– Rights Issue 2013 - Non Resident Indian"** payable at Mumbai directly to the Registrar to the Issue by registered post so as to reach them on or before the Issue Closing Date. The Company or the Registrar to the Issue will not be responsible for postal delays or loss of applications in transit, if any. • Payment by non-residents must be made by demand draft payable at Mumbai / cheque payable drawn on a bank account maintained at Mumbai or funds remitted from abroad in any of the following ways: Application with repatriation benefits : i. By Indian Rupee drafts purchased from abroad and payable at Mumbai or funds remitted from abroad (submitted along with Foreign Inward Remittance Certificate); ii. B By local cheque / bank drafts remitted through normal banking channels or out of funds held in Non- Resident External Account (NRE) or FCNR Account maintained with banks authorized to deal in foreign currency in India, along with documentary evidence in support of remittance; iii. By Rupee draft purchased by debit to NRE/ FCNR Account maintained elsewhere in India and payable in Mumbai; iv. FIIs registered with SEBI must remit funds from special non-resident rupee deposit account; or v. Non-resident investors applying with repatriation benefits should draw cheques/ drafts in favour of **'MEDIA MATRIX WORLDWIDE LIMITED – Rights Issue 2013-Non Resident Indian'** and must be crossed 'account payee only' for the full application amount. vi. Investors may note that where payment is made by drafts purchased from NRE/ FCNR accounts as the case may be, an Account Debit Certificate from the bank issuing the draft confirming that the draft has been issued by debiting the NRE/ FCNR account should be enclosed with the CAF. Otherwise the application shall be considered incomplete and is liable to be rejected. vii. In the case of NRI Investors who remit their application money from funds held in FCNR/NRE Accounts, refunds and other disbursements, if any, shall be credited to such account details of which should be furnished in the appropriate columns in the CAF. In the case of NRI Investors who remit their application money through Indian Rupee drafts from abroad, refunds and other disbursements, if any, will be made in U.S Dollars at the rate of exchange prevailing at such time subject to the permission of RBI. Our Bank will not be liable for any loss on account of exchange rate fluctuation for converting the Rupee amount into U.S. Dollar or for collection charges charged by the Investor's bankers. viii. Payments through NRO accounts will not be permitted. ix. Investors may note that where payment is made by drafts purchased from NRE/ FCNR accounts as the case may be, an Account Debit Certificate from the bank issuing the draft confirming that the draft has been issued by debiting the NRE/ FCNR account should be enclosed with the CAF. Otherwise the application shall be considered incomplete and is liable to be rejected. Application without repatriation benefits : i. As far as non-residents holding Equity Shares on non-repatriation basis are concerned, in addition to the modes specified above, payment may also be made by way of cheque drawn on Non-Resident (Ordinary) Account maintained in India or Rupee Draft purchased out of NRO Account maintained elsewhere in India but payable at Mumbai. In such cases, the Allotment of Equity Shares will be on non-repatriation basis. ii. All cheques/ drafts submitted by non-residents applying on a non-repatriation basis should be drawn in favour of **'MEDIA MATRIX WORLDWIDE LIMITED – Rights Issue 2013 – Resident'** and must be crossed 'account payee only' for the full application amount. The CAFs duly completed together with the amount payable on application must be deposited with the Collecting Bank indicated on the reverse of the CAFs before the close of banking hours on or before the Issue Closing Date. A separate cheque or bank draft must accompany each CAF. iii. Investors may note that where payment is made by drafts purchased from NRE/ FCNR/ NRO accounts as the case may be, an Account Debit Certificate from the bank issuing the draft confirming that the draft has been issued by debiting the NRE/ FCNR/ NRO account should be enclosed with the CAF. Otherwise the application shall be considered incomplete and is liable to be rejected. iv. New demat account shall be opened for holders who have had a change in status from resident Indian to NRI. Any application from a demat account which does not reflect the accurate status of the Applicant are liable to be rejected. Mode of payment for ASBA : The Eligible Equity Shareholder applying under the ASBA Process agrees to block the entire amount payable on application with the submission of the CAF, by authorizing the SCSB to block an amount, equivalent to the amount payable on application, in an ASBA Account. After verifying that sufficient funds are available in the in an ASBA Account details of which are provided in the CAF, the SCSB shall block an amount equivalent to the amount payable on application mentioned in the CAF until it receives instructions from the Registrar. Upon receipt of intimation from the Registrar, the SCSBs shall transfer such amount as per the Registrar's instruction from the ASBA Account. This amount will be transferred in terms of the SEBI ICDR Regulations, into the separate bank account maintained by us as per the provisions of section 73(3) of the Companies Act. The balance amount remaining after the finalisation of the Basis of Allotment shall be unblocked by the SCSBs on the basis of the instructions issued in this regard by the Registrar to the Issue and the Lead Manager to the respective SCSB. The Equity Shareholders applying under the ASBA Process would be required to give instructions to the respective SCSBs to block the entire amount payable on their application at the time of the submission of the CAF. The SCSB may reject the application at the time of acceptance of CAF if the ASBA Account with the SCSB details of which have been provided by the Equity Shareholder in the CAF does not have sufficient funds equivalent to the amount payable on application mentioned in the CAF. Subsequent to the acceptance of the application by the SCSB, we would have a right to reject the application only on technical grounds.

Depository Account and Bank details for Investors applying under the ASBA Process

IT IS MANDATORY FOR ALLTHE INVESTORSAPPLYING UNDER THE ASBA PROCESS TO RECEIVE THEIR EQUITY SHARES IN DEMATERIALISED FORM AND TO THE SAME DEPOSITORY ACCOUNT IN WHICH THE EQUITY SHARES ARE HELD BY THE INVESTOR AS ON THE RECORD DATE. ALL INVESTORS APPLYING UNDER THE ASBA PROCESS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE CAF. INVESTORS APPLYING UNDER THE ASBA PROCESS MUST ENSURE THAT THE NAME GIVEN IN THE CAF IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE CAF IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORYACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE CAF/PLAIN PAPER APPLICATIONS, AS THE CASE MAY BE.

Investors applying under the ASBA Process should note that on the basis of name of these Investors, Depository Participant's name and identification number and beneficiary account number provided by them in the CAF/plain paper applications, as the case may be, the Registrar to the Issue will obtain from the Depository demographic details of these Investors such as address, Bank account details for printing on refund orders and occupation ("Demographic Details"). Hence, Investors applying under the ASBA Process should carefully fill in their Depository Account details in the CAF.

These Demographic Details would be used for all correspondence with such Investors including mailing of the letters intimating unblock of bank account of the respective Investor. The Demographic Details given by the Investors in the CAF would not be used for any other purposes by the Registrar. Hence, Investors are advised to update their Demographic Details as provided to their Depository Participants.

By signing the CAFs, the Investors applying under the ASBA Process would be deemed to have authorised the Depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records.

Letters intimating Allotment and unblocking or refund (if any) would be mailed at the address of the Investor applying under the ASBA Process as per the Demographic Details received from the Depositories. Refunds, if any, will be made directly to the bank account linked to the DP ID. Investors applying under the ASBA Process may note that delivery of letters intimating unblocking of Bank account 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 Investor in the CAF would be used only to ensure dispatch of letters intimating unblocking of bank account.

Please note that any such delay shall be at the sole risk of the Investors applying under the ASBA Process and none of the Company, the SCSBs or the Lead Managers shall be liable to compensate the Investor applying under the ASBA Process for any losses caused due to any such delay or liable to pay any interest for such delay.

In case no corresponding record is available with the Depositories that matches three parameters, (a) names of the Investors (including the order of names of joint holders), (b) the DP ID and (c) the beneficiary account number, then such applications are liable to be rejected.

Underwriting

The Issue is not underwritten.

Issue Schedule

Issue Opening Date:	**March 30, 2013**
Last date for receiving requests for SAF	**April 6, 2013**
Issue Closing Date:	**April 13, 2013**

The Board may however decide to extend the Issue period as it may determine from time to time but not exceeding 30 days from the Issue Opening Date.

Basis of Allotment

Subject to the provisions contained in the Letter of Offer, the Articles of Association of the Company and the approval of the Designated Stock Exchange, the Board will proceed to Allot the Equity Shares in the following order of priority:

(a) Full Allotment to those Investors who have applied for their Rights Entitlement either in full or in part and also to the Renouncee(s) who has/ have applied for Equity Shares renounced in their favour, in full or in part.

(b) Investors whose fractional entitlements are being ignored would be given preference in allotment of one additional Equity Share each if they apply for additional Equity Share. Allotment under this head shall be considered if there are any unsubscribed Equity Shares after allotment under (a) above. If number of Equity Shares required for allotment under for this head are more than number of Equity Shares available after allotment under (a) above, the Allotment would be made on a fair and equitable basis in consultation with the Designated Stock Exchange. The ratio being 9:1 question of fractional entitelment does not arise.

(c) Allotment to the Investors who having applied for all the Equity Shares offered to them as part of the Issue and have also applied for additional Equity Shares. The Allotment of such additional Equity Shares will be made as far as possible on an equitable basis having due regard to the number of Equity Shares held by them on the Record Date, provided there are any unsubscribed Equity Shares after making full Allotment in (a) and (b) above. The Allotment of such Equity Shares will be at the sole discretion of the Board of Directors in consultation with the Designated Stock Exchange, as a part of the Issue and will not be a preferential allotment.

(d) Allotment to Renouncees who having applied for all the Equity Shares renounced in their favour, have applied for additional Equity Shares provided there is surplus available after making full Allotment under (a), (b) and (c) above. The Allotment of such Equity Shares will be at the sole discretion of the Board of Directors in consultation with the Designated Stock Exchange, as a part of the Issue and not preferential allotment.

The Promoter has, through its letter dated August 23, 2012, confirmed that they and the shareholders forming part of the Promoter Group as on the Record Date intend to subscribe to the full extent of their Rights Entitlement in the Issue. In addition to subscription to their Rights Entitlements, the Promoter and Promoter Group Shareholders intend to subscribe to additional Equity Shares for any unsubscribed portion in the Issue. As a result of such additional subscription, our Promoters and Promoter Group Shareholders may acquire Equity Shares over and above their respective Rights Entitlements, which may result in an increase of the shareholding of the Promoter and the Promoter Group Shareholders above the current shareholding along with the Rights Entitlement. The subscription to such additional Equity Shares to be made by the Promoter and Promoter Group Shareholders will be in accordance with Regulation 10(4)(b) of the Takeover Regulation and other applicable provisions of law.

Allotment Advices / Refund Orders

The Company will issue and dispatch Allotment advice/ share certificates/ demat credit and/or letters of regret along with refund order or credit of the allotted Equity Shares to the respective beneficiary accounts, if any, within a period of 15 days from the Issue Closing Date. If such money is not repaid within eight days from the day the Company becomes liable to repay it, (i.e. 15 days after the Issue Closing Date or the date of the refusal by the Stock Exchange(s), whichever is earlier) the Company and every Director of the Company who is an officer in default shall, on and from expiry of eight days, be jointly and severally liable to pay the money with interest as prescribed under Section 73 of the Companies Act.

Investors residing at centers where clearing houses are managed by the RBI will get refunds through National Electronic Clearing Service ("NECS") except where Investors have not provided the details required to send electronic refunds.

In case of those Investors who have opted to receive their Rights Entitlement in dematerialized form using electronic credit under the depository system, advice regarding their credit of the Equity Shares shall be given separately. Investors to whom refunds are made through electronic transfer of funds will be sent a letter through ordinary post intimating them about the mode of credit of refund within 15 days of the Issue Closing Date.

In case of those Investors who have opted to receive their Rights Entitlement in physical form and the Company issues letter of allotment, the corresponding share certificates will be kept ready within three months from the date of Allotment thereof or such extended time as may be approved by the Company Law Board under Section 113 of the Companies Act or other applicable provisions, if any. Investors are requested to preserve such letters of allotment, which would be exchanged later for the share certificates.

The letter of allotment / refund order exceeding Rs. 1,500 would be sent by registered post/speed post to the sole/first Investors registered address. Refund orders up to the value of Rs. 1,500 would be sent by ordinary post. Such refund orders would be payable at par at all places where the applications were originally accepted. The same would be marked "Account Payee only" and would be drawn in favour of the sole/first Investor. Adequate funds would be made available to the Registrar to the Issue for this purpose.

Payment of Refund

Mode of making refunds

The payment of refund, if any, would be done through any of the following modes:

1. NECS - Payment of refund would be done through NECS for Investors having an account at any of the 68 centres where such facility has been made available. 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/the records of the Registrar. The payment of refunds is mandatory for Investors having a bank account at any centre where NECS facility has been made available (subject to availability of all information for crediting the refund through NECS).
2. NEFT - Payment of refund shall be undertaken through NEFT wherever the Investors bank has been assigned the Indian Financial System Code (IFSC), which can be linked to a MICR, allotted 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 Investors have registered their nine digit MICR number and their bank account number with the registrar to the Company or with the depository participant 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 Investors through this method.
3. Direct Credit - Investors having bank accounts with the Bankers to the Issue shall be eligible to receive refunds through direct credit. Charges, if any, levied by the relevant bank(s) for the same would be borne by the Company.
4. RTGS - If the refund amount exceeds Rs. 200,000, the investors have the option to receive refund through RTGS. Such eligible Investors who indicate their preference to receive refund through RTGS are required to provide the IFSC code in the CAF. In the event the same is not provided, refund shall be made through NECS or any other eligible mode. Charges, if any, levied by the refund bank(s) for the same would be borne by the Company. Charges, if any, levied by the Investor's bank receiving the credit would be borne by the Investor.
5. For all other Investors the refund orders will be despatched through Speed Post/ Registered Post. Such refunds will be made by cheques, pay orders or demand drafts drawn in favour of the sole/first Investor and payable at par. Refund Orders upto the value of Rs.1500/- would be sent by ordinary post.
6. Credit of refunds to Investors in any other electronic manner permissible under the banking laws, which are in force, and is permitted by the SEBI from time to time.

Printing of Bank Particulars on Refund Orders

As a matter of precaution against possible fraudulent encashment of refund orders due to loss or misplacement, the particulars of the Investor's Bank account are mandatorily required to be given for printing on the refund orders. Bank account particulars, where available, will be printed on the refund orders/refund warrants which can then be deposited only in the account specified. The Company will in no way be responsible if any loss occurs through these instruments falling into improper hands either through forgery or fraud.

Allotment advice / Share Certificates/ Demat Credit

Allotment advice/ share certificates/ demat credit or letters of regret will be dispatched to the registered address of the first named Investor or respective beneficiary accounts will be credited within 15 days, from the Issue Closing Date i.e 13th April, 2013. In case the Company issues Allotment advice, the relative share certificates will be dispatched within three month from the date of the Allotment. Allottees are requested to preserve such allotment advice (if any) to be exchanged later for Share certificates.

Option to receive Equity Shares in Dematerialized Form

Investors shall be allotted the Equity Shares in dematerialized (electronic) form at the option of the Investor. The Company has signed a tripartite agreement with NSDL and Sharex Dynamic (India) Private Limited on April 12, 2001, which enables the Investors to hold and trade in Equity Shares in a dematerialized form, instead of holding the Equity Shares in the form of physical certificates. The Company has also signed a tripartite agreement with CDSL and Sharex Dynamic (India) Private Limited on March 23, 2001 which enables the Investors to hold and trade in Equity Shares in a dematerialized form, instead of holding the Equity Shares in the form of physical certificates.

In this Issue, the allottees who have opted for Equity Shares in dematerialized form will receive their Equity Shares in the form of an electronic credit to their beneficiary account as given in the CAF, after verification with a depository participant. Investor will have to give the relevant particulars for this purpose in the appropriate place in the CAF. Allotment advice, refund order (if any) would be sent directly to the Investor by the Registrar to the Issue but the Investor's depository participant will provide to him the confirmation of the credit of such Equity Shares to the Investor's depository account. CAFs, which do not accurately contain this information, will be given the Equity Shares in physical form. No separate CAFs for Equity Shares in physical and/or dematerialized form should be made. If such CAFs are made, the CAFs for physical Equity Shares will be treated as multiple CAFs and is liable to be rejected. In case of partial Allotment, Allotment will be done in demat option for the Equity Shares sought in demat and balance, if any, will be allotted in physical Equity Shares. Equity Shareholders of the Company holding Equity Shares in physical form may opt to receive Equity Shares in the Issue in dematerialized form.

INVESTORS MAY PLEASE NOTE THAT THE EQUITY SHARES OF THE COMPANY CAN BE TRADED ON THE STOCK EXCHANGES ONLY IN DEMATERIALIZED FORM.

The procedure for availing the facility for Allotment of Equity Shares in this Issue in the electronic form is as under:

Open a beneficiary account with any depository participant (care should be taken that the beneficiary account should carry the name of the holder in the same manner as is registered in the records of the Company. In the case of joint holding, the beneficiary account should be opened carrying the names of the holders in the same order as registered in the records of the Company). In case of Investors having various folios in the Company with different joint holders, the Investors will have to open separate accounts for such holdings. Those Investors who have already opened such beneficiary account(s) need not adhere to this step.

For Equity Shareholders already holding Equity Shares of the Company in dematerialized form as on the Record Date, the beneficial account number shall be printed on the CAF. For those who open accounts later or those who change their accounts and wish to receive their Equity Shares pursuant to this Issue by way of credit to such account, the necessary details of their beneficiary account should be filled in the space provided in the CAF. It may be noted that the Allotment of Equity Shares arising out of this Issue may be made in dematerialized form even if the original Equity Shares of the Company are not dematerialized. Nonetheless, it should be ensured that the depository account is in the name(s) of the Investors and the names are in the same order as in the records of the Company/ Depositories.

The responsibility for correctness of information (including Investor's age and other details) filled in the CAF vis-à-vis such information with the Investor's depository participant, would rest with the Investor. Investors should ensure that the names of the Investors and the order in which they appear in CAF should be the same as registered with the Investor's depository participant.

If incomplete / incorrect beneficiary account details are given in the CAF the Investor will get Equity Shares in physical form.

The Equity Shares allotted to applicants opting for issue in dematerialized form, would be directly credited to the beneficiary account as given in the CAF after verification. Allotment advice, refund order (if any) would be sent directly to the applicant by the Registrar to the Issue but the applicant's depository participant will provide to him the confirmation of the credit of such Equity Shares to the applicant's depository account.

Renouncees will also have to provide the necessary details about their beneficiary account for Allotment of Equity Shares in this Issue. In case these details are incomplete or incorrect, the application is liable to be rejected.

General instructions for Investors

(a) Please read the instructions printed on the CAF carefully.

(b) QIB applicants and other applicants whose application amount exceeds Rs. 200,000 can participate in the Issue only through the ASBA process. The Investors who are not QIBs and whose application amount is not more than Rs. 200,000 can participate in the Issue through the ASBA process as well as the non ASBA process.

(c) Application should be made on the printed CAF, provided by the Company except as mentioned under the head "Application on Plain Paper" in this section on page 254 of the Letter of Offer and should be completed in all respects. The CAF found incomplete with regard to any of the particulars required to be given therein, and/ or which are not completed in conformity with the terms of the Letter of Offer are liable to be rejected and the money paid, if any, in respect thereof will be refunded without interest and after deduction of bank commission and other charges, if any. The CAF must be filled in English and the names of all the Investors, details of occupation, address, father's / husband's name must be filled in block letters. The CAF together with the cheque/demand draft should be sent to the Bankers to the Issue/Collecting Bank or to the Registrar to the Issue and not to the Company or Lead Manager to the Issue. Investors residing at places other than cities where the branches of the Bankers to the Issue have been authorised by the Company for collecting applications, will have to make payment by Demand Draft payable at Mumbai of an amount net of bank and postal charges and send their CAFs to the Registrar to the Issue by registered post. If any portion of the CAF is/are detached or separated, such application is liable to be rejected. Applications where separate cheques/demand drafts are not attached for each CAF for amounts to be paid for Equity Shares are liable to be rejected.

(d) Except for applications on behalf of the Central and State Government, the residents of Sikkim and the officials appointed by the courts, all Investors, and in the case of application in joint names, each of the joint Investors, should mention his/her PAN number allotted under the I.T. Act, 1961, irrespective of the amount of the application. CAFs without PAN will be considered incomplete and are liable to be rejected.

(e) Investors are advised that it is mandatory to provide information as to their savings/current account number and the name of the bank with whom such account is held in the CAF to enable the Registrar to the Issue to print the said details in the refund orders, if any, after the names of the payees. Application not containing such details is liable to be rejected.

(f) All payment should be made by cheque/demand draft only. Application through the ASBA process as mentioned above is acceptable. Cash payment is not acceptable. In case payment is effected in contravention of this, the application may be rejected.

(g) Signatures should be either in English or Hindi or in any other language specified in the Eighth Schedule to the Constitution of India. Signatures other than in English or Hindi and thumb impression must be attested by a Notary Public or a Special Executive Magistrate under his/ her official seal. The Investors must sign the CAF as per the specimen signature recorded with the Company.

(h) In case of an application under power of attorney or by a body corporate or by a society, a certified true copy of the relevant power of attorney or relevant resolution or authority to the signatory to make the relevant investment under this Issue and to sign the application and a copy of the Memorandum and Articles of Association and / or bye laws of such body corporate or society must be lodged with the Registrar to the Issue giving reference of the serial number of the CAF. In case the above referred documents are already registered with the Company, the same need not be a furnished again. In case these papers are sent to any other entity besides the Registrar to the Issue or are sent after the Issue Closing Date, then the application is liable to be rejected. In no case should these papers be attached to the application submitted to the Bankers to the Issue.

(i) In case of joint holders, all joint holders must sign the relevant part of the CAF in the same order and as per the specimen signature(s) recorded with the Company/Depositories. Further, in case of joint Investors who are Renouncees, the number of Investors should not exceed three. In case of joint Investors, reference, if any, will be made in the first Investor's name and all communication will be addressed to the first Investor.

(j) Application(s) received from NRs/NRIs, or persons of Indian origin residing abroad for Allotment of Equity Shares shall, inter alia, be subject to conditions, as may be imposed from time to time by the RBI under FEMA in the matter of refund of application money, Allotment of Equity Shares, subsequent issue and Allotment of Equity Shares, interest, export of share certificates, etc. In case a NR or NRI Investor has specific approval from the RBI, in connection with his shareholding, he should enclose a copy of such approval with the CAF. Additionally, applications will not be accepted from NRs/NRIs in the United States or its territories and possessions, or any other jurisdiction where the offer or sale of the Rights Entitlements and Equity Shares may be restricted by applicable securities laws.

All communication in connection with application for the Equity Shares, including any change in address of the Investors should be addressed to the Registrar to the Issue prior to the date of Allotment in this Issue quoting the name of the first/sole Investor, folio numbers and CAF number. Please note that any intimation for change of address of Investors, after the date of Allotment, should be sent to the Registrar and Transfer Agents of the Company, in the case of Equity Shares held in physical form and to the respective depository participant, in case of Equity Shares held in dematerialized form.

(l) SAFs cannot be re-split.

(m)Only the person or persons to whom Equity Shares have been offered and not Renouncee(s) shall be entitled to obtain SAFs.

(n) Investors must write their CAF number at the back of the cheque /demand draft.

(o) Only one mode of payment per application should be used. The payment must be by cheque / demand draft drawn on any of the banks, including a co-operative bank, which is situated at and is a member or a sub member of the Bankers Clearing House located at the centre indicated on the reverse of the CAF where the application is to be submitted.

(p) A separate cheque / draft must accompany each CAF. Outstation cheques / demand drafts or post-dated cheques and postal / money orders will not be accepted and applications accompanied by such cheques / demand drafts / money orders or postal orders will be rejected. The Registrar will not accept payment against application if made in cash.

(q) No receipt will be issued for application money received. The Bankers to the Issue / Collecting Bank/ Registrar will acknowledge receipt of the same by stamping and returning the acknowledgment slip at the bottom of the CAF.

(r) The distribution of the Letter of Offer and issue of Equity Shares and Rights Entitlements to persons in certain jurisdictions outside India may be restricted by legal requirements in those jurisdictions. Persons in the United States and such other jurisdictions are instructed to disregard the Letter of Offer and not to attempt to subscribe for Equity Shares.

Grounds for Technical Rejections

Investors are advised to note that applications are liable to be rejected on technical grounds, including the following:

- Amount paid does not tally with the amount payable;
- Bank account details (for refund) are not given;
- Age of Investor(s) not given (in case of renouncees);
- Except for CAFs on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts, PAN number not given for application of any value;
- In case of CAF under power of attorney or by limited companies, corporate, trust, relevant documents are not submitted;
- If the signature of the Investor does not match with the one given on the CAF and for renounce(s) if the signature does not match with the records available with their depositories;
- CAFs are not submitted by the Investors within the time prescribed as per the CAF and the Letter of Offer;
- CAFs not duly signed by the sole/joint Investors;
- CAFs by OCBs;

- CAFs accompanied by Stockinvest;
- In case no corresponding record is available with the depositories that matches three parameters, namely, names of the Investors (including the order of names of joint holders), the Depositary Participant's identity (DP ID) and the beneficiary's identity;
- CAFs that do not include the certifications set out in the CAF to the effect that, among other thing, the subscriber is not located in the United States and is authorized to acquire the Rights Entitlements and Equity Shares in compliance with all applicable laws and regulations;
- CAFs which have evidence of being executed in/dispatched from the United States or any other jurisdiction where the offer or sale of the Rights Entitlements and Equity Shares may be restricted by applicable securities laws;
- CAFs by ineligible non-residents (including on account of restriction or prohibition under applicable local laws) and where a registered address in India has not been provided;
- CAFs where the Company believes that CAF is incomplete or acceptance of such CAF may infringe applicable legal or regulatory requirements;
- In case the GIR number is submitted instead of the PAN;
- Applications by renouncees who are persons not competent to contract under the Indian Contract Act, 1872, including minors;
- Multiple CAFs, including cases where an Investor submits CAFs along with a plain paper application; and
- Applications by QIB applicants or applicants whose application amount exceeds Rs. 200,000, not through ASBA process.

Please read the Letter of Offer and the instructions contained therein and in the CAF carefully before filling in the CAF. The instructions contained in the CAF are an integral part of the Letter of Offer and must be carefully followed. The CAF is liable to be rejected for any non- compliance of the provisions contained in the Letter of Offer or the CAF.

Investment by FIIs

In accordance with the current regulations, the following restrictions are applicable for investment by FIIs:

The Issue of Equity Shares under this Issue to a single FII should not exceed 10% of the post-issue paid up capital of the Company. In respect of an FII investing in the Equity Shares on behalf of its sub-accounts the investment on behalf of each sub-account shall not exceed 5% of the total paid up capital of the Company.

Applications will not be accepted from FIIs in the United States or its territories and possessions, or any other jurisdiction where the offer or sale of the Rights Entitlements and Equity Shares may be restricted by applicable securities laws.

QIB applicants and other applicants whose application amount exceeds Rs. 200,000 can participate in the Issue only through the ASBA process. The Investors who are not QIBs and whose application amount is not more than Rs. 200,000 can participate in the Issue through the ASBA process as well as the non ASBA process.

Investment by NRIs

Investments by NRIs are governed by the Portfolio Investment Scheme under Regulation 5(3)(i) of the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000. Applications will not be accepted from NRIs in the United States or its territories and possessions, or any other jurisdiction where the offer or sale of the Rights Entitlements and Equity Shares may be restricted by applicable securities laws.

Procedure for Applications by Mutual Funds

A separate application can be made in respect of each scheme of an Indian mutual fund registered with the SEBI and such applications shall not be treated as multiple applications. The applications made by asset management companies or custodians of a mutual fund should clearly indicate the name of the concerned scheme for which the application is being made.

QIB applicants and other applicants whose application amount exceeds Rs. 200,000 can participate in the Issue only through the ASBA process. The Investors who are not QIBs and whose application amount is not more than Rs. 200,000 can participate in the Issue through the ASBA process as well as the non ASBA process.

Impersonation

As a matter of abundant caution, attention of the Investors is specifically drawn to the provisions of sub-section (1) of section 68A of the Companies Act which is reproduced below:

"Any person who makes in a fictitious name an application to a company for acquiring, or subscribing for, any shares therein, or 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".

Dematerialized dealing

The Company has entered into agreements with NSDL and CDSL, respectively, and the ISIN No. is INE200D01020

Payment by Stockinvest

In terms of RBI Circular DBOD No. FSC BC 42/24.47.00/2003- 04 dated 5 November 2003, the Stockinvest Scheme has been withdrawn. Hence, payment through Stockinvest would not be accepted in this Issue.

Disposal of application and application money

No acknowledgment will be issued for the application moneys received by the Company. However, the Bankers to the Issue / Registrar to the Issue receiving the CAF will acknowledge its receipt by stamping and returning the acknowledgment slip at the bottom of each CAF.

The Board reserves its full, unqualified and absolute right to accept or reject any application, in whole or in part, and in either case without assigning any reason thereto.

In case an application is rejected in full, the whole of the application money received will be refunded. Wherever an application is rejected in part, the balance of application money, if any, after adjusting any money due on Equity Shares allotted, will be refunded to the Investor within a period of 15 days from the Issue Closing Date. If such money is not repaid within eight days from the day the Company becomes liable to repay it, the Company and every Director of the Company who is an officer in default shall, on and from expiry of eight days, be jointly and severally liable to repay the money with interest as prescribed under Section 73 of the Companies Act.

For further instructions, please read the CAF carefully.

Utilisation of Issue Proceeds

Our Board of Directors declares that

(i) This amount will be transferred in terms of the SEBI Regulations, into the separate Bank account maintained by the Company as per the provisions of section 73(3) of the Companies Act;

(ii) Details of all monies utilized out of the Issue shall be disclosed, and continue to be disclosed till the time any part of the Issue Proceeds remains unutilised, under an appropriate separate head in the balance sheet of the Company indicating the purpose for which such monies have been utilised;

(iii) Details of all unutilized monies out of the 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; and

(iv) The Company may utilize the funds collected in the Issue only after the basis of Allotment is finalized.

Undertakings by the Company

The Company undertakes the following:

1. The complaints received in respect of the Issue shall be attended to by the Company expeditiously and satisfactorily.
2. All steps for completion of the necessary formalities for listing and commencement of trading at all Stock exchanges where the Equity Shares are to be listed will be taken within seven working days of finalization of basis of Allotment.
3. The funds required for making refunds to unsuccessful applicants as per the modes disclosed shall be made available to the Registrar to the Issue by the Company.
4. Where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the Investor within 15 days of the Issue Closing Date, giving details of the banks where refunds shall be credited along with amount and expected date of electronic credit of refund.
5. The Company accepts full responsibility for the accuracy of information given in the Letter of Offer and confirms that to the best of its knowledge and belief, there are no other facts of the omission of which makes any statement made in the Letter of Offer misleading and further confirms that it has made all reasonable enquiries to ascertain such facts.
6. Adequate arrangements shall be made to collect all ASBA applications and to consider them similar to non-ASBA applications while finalising the basis of Allotment.
7. At any given time there shall be only one denomination for the Equity Shares of the Company.
8. We shall comply with such disclosure and accounting norms specified by SEBI from time to time.

Minimum Subscription

If the Company does not receive the minimum subscription of 90% of the Issue, or the subscription level falls below 90% after the Issue Closing Date on account of cheques being returned unpaid or withdrawal of applications, the Company shall forthwith refund the entire subscription amount received within 15 days from the Issue Closing Date. If such money is not repaid within eight days from the day the Company becomes liable to repay it, (i.e. 15 days after the Issue Closing Date or the date of the refusal by the Stock Exchange(s), whichever is earlier) the Company and every Director of the Company who is an officer in default shall, on and from expiry of eight days, be jointly and severally liable to repay the money with interest as prescribed under sub-section (2) and (2A) of Section 73 of the Companies Act.

IX MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts and documents, which are deemed material and have been entered into by our Company are available for inspection referred to hereunder, may be inspected at the Registered Office of the Company, from 10.00 a.m. to 4.00 p.m. on any Business Day, from the date of this Abridged Letter of Offer until the Issue Closing Date.

Material Contracts

1. Memorandum of Understanding dated August 09, 2012 by and between our Company and the Lead Manager to the Issue
2. Memorandum of Understanding dated August 23, 2012 by and between our Company and the Registrar to the Issue.
3. Tripartite agreement between the NSDL, our Company and the Registrar dated April 12, 2001
4. Tripartite agreement between the CDSL, our Company and the Registrar dated March 23, 2001

Material Documents for Inspection

5. Certificate of Incorporation of Media Matrix Worldwide Limited and its Subsidiries
6. Certified true copies of the Memorandum and Articles of Association of our Company and Subsidiries as amended from time to time.
7. Resolution of the Board of Directors dated February 24, 2012, authorising the Issue.
8. Reports of the Statutory Auditor, Khandewal Jain & Co., Chartered Accountants, dated January 18, 2013, regarding the restated standalone and consolidated financial statement of our Company for the years ended March 31 2008, 2009, 2010, 2011 and 2012 and for the period ended September 30, 2012.
9. Statement of tax benefits accruing to the Company and its shareholders from Khandewal Jain & Co., Chartered Accountants dated January 18, 2013.
10. Copies of the annual reports of our Company for the years ended March 31 2008, 2009, 2010, 2011 and 2012 and audited financials for the period ended September 30, 2012.
11. Consents of the Auditor, Bankers to the Company, Lead Manager, Directors, Compliance Officer, Legal Advisor to the Issue and Registrars to this Issue as referred to, in their respective capacities.
12. Listing applications dated August 16, 2012 filed with the BSE for listing of Equity Shares issued on conversion of OFCDs and approval thereof dated September 4, 2012.
13. BSE in principle approval letter dated September 26, 2012 for issue of equity shares on right basis.
14. Due Diligence Certificate dated August 29, 2012, submitted to SEBI by the Lead Manager.
15. Distribution Agreements entered into by our subsidiary nexG Devices Private Limited
16. Lease agreements for our properties at Gurgaon and Bengaluru.
17. Lease Agreement with DigiCall Teleservices Private Limited for the lease of property at Delhi.
18. Auditors certificate dated March 6, 2013 for capitalization statements given in this letter of offer.
19. Copy of Application Dated 16.08.2012 submitted to MPSE for listing and trading permission for 2,00,00,000 Equity Shares allotted on 07.08.2012, upon partial conversion of OFCDs.
20. Copy of Application / Submission / Document submitted to MPSE under MPSE Amnesty Scheme on 25.07.2012 and subseqent correspondences thereof.
21. Copy of Letter from RBI dated December 26, 2012 regarding de-registration as an NBFC.
22. SEBI Observation Letter NO:CFD/DIL/SK/PHV/OW/4909/2013 dated February 25, 2013.
23. SEBI Letter No. CFD/DIL/SK/PHV/OW/6680/2013 dated March 18, 2013.

Any of the contracts or documents mentioned in this Letter of Offer may be amended or modified at any time if so required in the interest of our 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.

X DECLARATION

No statement made in this Abridged Letter of Offer contravenes any of the provisions of the Companies Act, 1956 and the rules made there under. All the legal requirements connected with the said Issue as also the guidelines, instructions etc. issued by SEBI, Government and any other competent authority in this behalf have been duly complied with. We further certify that all disclosures made in this Abridged Letter of Offer are true and correct.

Signed by the Directors, Director (Finance) and Compliance Officer of our Company:

NAME	SIGNATURE
Mr. Chhattar Kumar Goushal, Director	
Mr. Bharat Bhushan Chugh, Director (Finance)	
Mr. Mahesh Ranglal Jain, Director	
Mr. Suresh Bohra, Director	
Mr. Mohd. Zafar, Compliance Officer	

Place: Mumbai
Date: March 06, 2013

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