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The Directors of The Indian Film Company Limited (the "Company"), whose names appear on page 6 of this document, accept responsibility both individually and collectively for the information contained in this document including responsibility for compliance with the AIM Rules for Companies. To the best of the knowledge and belief of the Directors and the Company (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and contains no omission likely to affect its import. This document is an admission document required by the rules of AIM ("AIM"), a market operated by London Stock Exchange plc (the "London Stock Exchange"), and has been drawn up in accordance with the AIM Rules for Companies. This document does not contain an offer of transferable securities to the public in the United Kingdom within the meaning of section 102B of the UK Financial Services and Markets Act 2000 (as amended) and is not required to be issued as a prospectus pursuant to section 85 of the UK Financial Services and Markets Act 2000 (as amended).

Application has been made for the admission of the entire issued and to be issued share capital of the Company to trading on AIM. It is expected that dealings in the Ordinary Shares will commence on AIM on 18 June 2007. The rules of AIM are less demanding than those of the Official List of the United Kingdom Listing Authority.

**AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the United Kingdom Listing Authority. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. Each AIM company is required pursuant to the AIM Rules for Companies to have a nominated adviser. The nominated adviser is required to make a declaration to the London Stock Exchange on Admission in the form set out in Schedule Two to the AIM Rules for Nominated Advisers. The London Stock Exchange has not itself examined or approved the contents of this document.**

The whole of this document should be read. You should be aware that an investment in the Company involves a high degree of risk. Your attention is drawn in particular to the "Risk Factors" set out in Part IV of this document.

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# **The Indian Film Company Limited**

*(Incorporated and registered in Guernsey under the Companies (Guernsey) Law, 1994,  
as amended with registration number 46723)*

## **Placing of 55,000,000 Ordinary Shares at 100p per share**

**and**

## **Admission to trading on AIM**

*Nominated Adviser*

**Grant Thornton Corporate Finance**

*Joint Brokers*

**Elara Capital plc  
Oriol Securities Limited**

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Grant Thornton Corporate Finance, a division of Grant Thornton UK LLP which is authorised and regulated by the Financial Services Authority, is acting as nominated adviser to the Company for the purposes of the AIM Rules in connection with the Placing and Admission and as such, its responsibilities are owed solely to the London Stock Exchange and are not owed to the Company or to any Director or to any other person or entity. Grant Thornton Corporate Finance will not regard any other person as its client or be responsible to anyone other than the Company for providing the protections afforded to clients of Grant Thornton Corporate Finance nor for providing advice to any other person in connection with the transactions and arrangements detailed in this document. Grant Thornton Corporate Finance is not making any representation or warranty, express or implied, as to the contents of this document.

Elara Capital plc and Oriol Securities Limited are authorised and regulated by the Financial Services Authority, and are members of the London Stock Exchange and are acting as joint brokers to the Company and no one else in connection with the Placing and Admission. Elara Capital plc and Oriol Securities Limited will not regard any other person as its client or be responsible to anyone other than the Company for providing the protections afforded to clients of Elara Capital plc and Oriol Securities Limited or for providing advice to any other person in connection with the transactions and arrangements detailed in this document. Elara Capital plc and Oriol Securities Limited are not making any representation or warranty, express or implied, as to the contents of this document.

**The distribution of this document in jurisdictions other than the United Kingdom may be restricted by law and therefore persons into whose possession this document comes should inform themselves about and observe such restrictions. Any failure to comply with any such restrictions may constitute a violation of the securities laws of such jurisdictions. Your attention is drawn to the information contained on page 2 of this document under the heading "Important Information."**

As a Registered Closed Ended Investment Fund, the Company may not offer its Ordinary Shares directly to any persons resident within the Bailiwick of Guernsey other than persons regulated under any of Guernsey's financial services regulatory laws.

Consent under the Control of Borrowing (Bailiwick of Guernsey) Ordinance 1959, as amended, has been obtained for the raising of up to £100 million by the issue of Ordinary Shares. To receive such consent application was made to the Guernsey Financial Services Commission (the "Commission") under the Commission's framework relating to Registered Closed Ended Funds. Under this framework, neither the Commission nor the States of Guernsey Policy Council has reviewed this document but instead have relied upon specific warranties provided by the Guernsey licensed Administrator of the Company. Neither the Commission nor the States of Guernsey Policy Council takes any responsibility for the financial soundness of the Company/Fund or for the correctness of any of the statements made or opinions expressed with regard to it.

## **IMPORTANT INFORMATION**

The information below is for general guidance only and it is the responsibility of any person or persons in possession of this admission document and wishing to make an application for Ordinary Shares to inform themselves of, and to observe, all applicable laws and regulations of any relevant jurisdiction. No person has been authorised by the Company to issue any advertisement or to give any information or to make any representation in connection with the contents of this document and, if issued, given or made, such advertisement, information or representation must not be relied upon as having been authorised by the Company. This document does not constitute, and may not be used for the purposes of, an offer or solicitation to anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation. In particular, this document does not constitute an offer to sell or the solicitation of an offer to buy any of the Ordinary Shares in the United States of America, Canada, Australia, South Africa, the Republic of Ireland, Singapore or Japan (collectively, the “Prohibited Territories”) and this document should not be forwarded or transmitted to or into the Prohibited Territories or to any resident, national, citizen or corporation, partnership or other entity created or organised under the laws thereof or in any other country outside the United Kingdom where such distribution may lead to a breach of any legal or regulatory requirement. The distribution of this document may be restricted and accordingly persons into whose possession this document comes are required to inform themselves about and to observe such restrictions.

Prospective investors should inform themselves as to: (a) the legal requirements of their own countries for the purchase, holding, transfer or other disposal of the Ordinary Shares; (b) any foreign exchange restrictions applicable to the purchase, holding, transfer or other disposal of the Ordinary Shares which they might encounter; and (c) the income and other tax consequences which may apply in their own countries as a result of the purchase, holding, transfer or other disposal of the Ordinary Shares. Prospective investors must rely upon their own representatives, including their own legal advisers and accountants, as to legal, tax, investment or any other related matters concerning the Company and an investment therein.

### **FOR THE ATTENTION OF UNITED KINGDOM RESIDENTS**

Neither Grant Thornton Corporate Finance nor Elara Capital plc nor Oriel Securities Limited have approved this document for the purposes of the Financial Services and Markets Act 2000 as amended (“FSMA”). This document is confidential and only for distribution in the United Kingdom (i) at any time, to persons reasonably believed by the Company to be investment professionals within the meaning of Paragraph (5) of Article 19 or to high net worth companies or unincorporated associations within the meaning of Paragraph (2) of Article 49 of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (SI 2005/1529), as amended, and (ii) prior to Admission, to persons who are qualified investors within the meaning of Section 86(7) of FSMA.

Outside the United Kingdom (and subject as provided below), this document is only being sent to persons reasonably believed by the Company to be investment professionals or to persons to whom it may otherwise be lawful to distribute it. This document is being supplied to you solely for your information and may not be reproduced, further distributed or published in whole or in part by any other person. As the Placing Shares will be offered to fewer than 100 persons (other than qualified investors within the meaning of Section 86(7) of FSMA) per member state of the European Economic Area, the Placing will be an exempt offer of securities to the public for the purposes of Section 86 of FSMA. Accordingly, this document is not a prospectus and does not require the approval of the FSA or any other relevant authority in any other member state of the European Economic Area.

### **FOR THE ATTENTION OF GERMAN RESIDENTS**

The Company and its Ordinary Shares are not registered for public distribution with the German Federal Financial Supervisory Authority (“Bundesanstalt für Finanzdienstleistungsaufsicht” or “BaFin”) pursuant to the German Investment Act (“Investmentgesetz”) nor listed on a German exchange. No sales prospectus for the Ordinary Shares has been filed with BaFin pursuant to the German Securities Prospectus Act (“Wertpapierprospektgesetz”). Therefore, the Ordinary Shares, this document and any related material must not be distributed in Germany by way of public offer, public advertising or in any similar manner. This document and any related material must not be publicly distributed in Germany or used in connection with any offer for subscription of the Ordinary Shares and must not be copied or distributed or otherwise made

available to third parties by its recipient without the express prior written consent of Elara Capital plc or Oriel Securities Limited .

Any resale of the Ordinary Shares in Germany may only be made in accordance with applicable laws in the Federal Republic of Germany. No view on taxation is expressed. Prospective investors in Germany are urged to consult their own tax advisers as to the tax consequences that may arise from an investment in the Ordinary Shares.

#### **FOR THE ATTENTION OF SWISS RESIDENTS**

The Company has not been and will not be licensed or authorised by the Swiss Federal Banking Commission (the “SFBC”) to publicly offer the Ordinary Shares in Switzerland and neither this document nor any other offering document has been or will be submitted to the SFBC for approval. Accordingly, the offer of the Ordinary Shares is restricted to a private placement as defined in Circular Letter N° 2003/1 of the SFBC (the “Circular Letter”). As a result, the Ordinary Shares may only be offered and this document and other materials in respect of an investment in the Company may only be distributed in or from Switzerland to (i) institutional investors (as defined in the Circular Letter), and (ii) a maximum of 20 non-institutional investors per business year. The offer of the Ordinary Shares and the distribution or disclosure of this document or any other document in respect of investing in the Company to persons other than those listed above, is strictly forbidden and may contravene Swiss law. Investors in the Company will not benefit from the protections granted by the Swiss Federal Act on Investment Funds of 18 March 1994 (as amended) or its implementing ordinance of 19 October 1994 (as amended).

#### **FOR THE ATTENTION OF BELGIAN RESIDENTS**

The Placing is exclusively conducted under applicable private placement exemptions and therefore it has not been and will not be notified to, and this document or any other offering material relating to the Ordinary Shares has not been, and will not be, approved by the Belgian Banking, Finance and Insurance Commission (“Commission Bancaire, Financière et des Assurances/Commissie voor het Bank, Financie en Assurantiewezen”). Any representation to the contrary is unlawful. Elara Capital plc and Oriel Securities Limited have undertaken not to offer, sell, resell, transfer or deliver, or to take any steps thereto, directly or indirectly, any Ordinary Shares, and not to distribute or publish this document or any other material relating to the Ordinary Shares or to the Placing in a manner which would be construed as: (i) a public offering under the Belgian Royal Decree of 7 July 1999 on the public character of financial transactions; or (ii) a public offering under the Belgian law of 22 April 2003 on the public offer of shares; or (iii) an offering of securities to the public under Directive 2003/71/EC which triggers an obligation to publish a prospectus in Belgium. Any action contrary to these restrictions will cause the recipient and the issuer to be in violation of Belgian securities laws.

#### **FOR THE ATTENTION OF RESIDENTS OF THE NETHERLANDS**

The Ordinary Shares will not be offered or sold, transferred or delivered, directly or indirectly, in the Netherlands other than (i) for a minimum consideration of €50,000 (or currency equivalent) per investor; (ii) to fewer than 100 individuals or legal entities other than qualified investors within the meaning of Section 1:1 of the Act on Financial Supervision (*Wet op het financieel toezicht* “WFT”); or (iii) solely to qualified investors, all within the meaning of Section 4(1) of the Exemption Regulation pursuant to the WFT (*Frijstellingsregeling Wet op het financieel toezicht*). In respect of the Placing, the Company is not required to obtain a licence as a collective investment scheme pursuant to the WFT and is not subject to supervision by the Netherlands Authority of the Financial Markets (*Stichting Autoriteit Financiële Markten*).

#### **FOR THE ATTENTION OF HONG KONG RESIDENTS**

Elara Capital plc and Oriel Securities Limited have each represented and agreed that (i) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Ordinary Shares other than (a) to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or (b) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and (ii) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes

of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Ordinary Shares, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Ordinary Shares which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the Securities and Futures Ordinance and any rules made under that Ordinance.

#### **FOR THE ATTENTION OF FRENCH RESIDENTS**

This document has not been prepared in the context of a public offering of securities in France within the meaning of Article L.411-1 of the French *Code monétaire et financier* and Articles 211-1 of the General Regulation of the *Autorité des Marchés Financiers* (“AMF”) and has therefore not been submitted to the AMF for prior approval. The Placing Shares may not be offered in the Republic of France, other than (i) for a minimum consideration of €50,000 (or currency equivalent) per investor and per offer (as provided by Article 211.2-3 of the General Regulation of the AMF), (ii) to persons providing a portfolio management investment service for third parties (as provided by Article L.411-2-II-4 a) of the French *Code monétaire et financier*) or (iii) to qualified investors and/or to a restricted circle of investors other than qualified investors (as defined in Articles L. 411-1-2-II-4 b) (and D. 411-1 through D. 411-4 of the French *Code monétaire et financier*) provided that said qualified investor or investors are acting for their own account in accordance with Articles D. 411-1, D. 411-2, D. 734-1, D. 744-1, D. 754-1 et D. 764-1 of the French *Code monétaire et financier*) who undertake not to retransfer, directly or indirectly, the Placing Shares to the public in the Republic of France, other than in compliance with applicable laws and regulations (Articles L.411-1, L.411-2, L.412-1 and L.621-8 to L.621-8-3 of the French *Code monétaire et financier*).

#### **FORWARD-LOOKING STATEMENTS**

This document contains forward-looking statements. These relate to the Company’s future prospects, developments and strategies. Forward-looking statements are identified by their use of terms and phrases such as “believe”, “could”, “envisage”, “estimate”, “intend”, “may”, “plan”, “seek”, “target”, “will” or the negative of those, variations or comparable expressions, including references to assumptions. These statements are primarily contained in Parts I, II, III, IV and V of this document. The forward-looking statements in this document are based on current expectations and are subject to risks and uncertainties that could cause actual results to differ materially from those expressed or implied by those statements.

## CONTENTS

	<i>Page</i>
DIRECTORS, INVESTMENT MANAGER AND ADVISERS .....	6
DEFINITIONS .....	8
GLOSSARY .....	12
PLACING STATISTICS .....	13
EXPECTED TIMETABLE OF PRINCIPAL EVENTS .....	13
EXCHANGE RATES.....	13
KEY INFORMATION .....	14
PART I THE COMPANY .....	17
1. Introduction .....	17
2. Market Opportunity and Background .....	17
3. Investment Objective.....	18
4. Operational Strategy .....	19
5. Conflicts of Interest .....	20
6. Investment Policies and Restrictions .....	20
7. Pre-investments .....	21
8. Track Record .....	22
9. Group Structure.....	22
10. The Placing .....	23
11. Foreign Exchange Policy.....	23
12. Distribution Policy.....	23
13. Life of the Company.....	24
14. Suitability.....	24
PART II DIRECTORS, MANAGEMENT AND ADMINISTRATION .....	25
1. The Directors of the Company .....	25
2. The Investment Manager .....	26
3. The Investment Adviser .....	27
4. The Custodian, Administrator and Registrar .....	28
PART III OTHER INFORMATION .....	30
1. Annual Expenses.....	30
2. Reports and Accounts.....	30
3. Taxation.....	30
4. Lock-in Arrangements .....	30
5. Admission, Settlement and Dealings.....	30
6. Further Issues of Ordinary Shares.....	31
7. Corporate Governance.....	31
8. Anti-money laundering procedures .....	31
PART IV RISK FACTORS .....	32
PART V AN OVERVIEW OF THE INDIAN FILM INDUSTRY .....	38
PART VI FINANCIAL INFORMATION .....	43
A Accountants' Report on the Historical Financial Information of The Indian Film Company Limited .....	43
B Unaudited Historical Financial Information on The Indian Film Company Limited .....	45
PART VII TAXATION .....	46
PART VIII ADDITIONAL INFORMATION .....	49

## DIRECTORS, INVESTMENT MANAGER AND ADVISERS

**Directors:** Shyam Sundar Benegal (*Chairman*)  
Raghav Bahl  
Lord Meghnad Jagdishchandra Desai  
Alok Verma  
Peter Radford

*all non-executive and all of:*

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**Administrator:**

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**Registrar:**

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**Auditor:**

**Ernst & Young LLP**  
PO Box 9  
14 New Street  
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Guernsey GY1 4AF

## DEFINITIONS

The following definitions apply throughout this document unless the context requires otherwise:

“Access Financial Services”	Access Financial Services PVT. Limited
“Administrator” or “Elysium”	Elysium Fund Management Limited
“Administration Agreement”	the agreement entered into between the Administrator and the Company dated 6 June 2007, further details of which are set out in paragraph 7.7 of Part VIII of this document
“Admission”	the admission of the Ordinary Shares, issued and to be issued pursuant to the Placing, to trading on AIM becoming effective in accordance with the AIM Rules
“AIM”	the AIM market of the London Stock Exchange
“AIM Rules”	the rules governing the operation of AIM comprising the AIM Rules for Companies and the AIM Rules for Nominated Advisers
“AIM Rules for Companies”	the AIM Rules for Companies as published by the London Stock Exchange from time to time
“AIM Rules for Nominated Advisers”	the AIM Rules for Nominated Advisers as published by the London Stock Exchange from time to time
“Articles”	the Articles of Association of the Company
“Board” or “Directors”	the board of directors of the Company including a duly constituted committee thereof
“Business Day”	any day on which banks are open for business in Guernsey and London, excluding Saturdays, Sundays and public holidays
“Calculation Day”	the last Business Day of March, June, September and December or such other day or days as the Directors shall determine
“City Code”	the UK City Code on Takeovers and Mergers
“Companies Law”	the Companies (Guernsey) Law, 1994 as amended and subordinate legislation made thereunder and every modification or re-enactment thereof for the time being in force
“Company” or “IFC”	The Indian Film Company Limited
“Combined Code”	the principles of good governance and code of best practice applicable to companies which are listed on the Official List, as amended from time to time
“CREST”	the computerised settlement system to facilitate the transfer of title to or interests in securities in uncertificated form, operated by CRESTCo Limited
“CREST Member”	a person who has been admitted by CRESTCo Limited as a system member (as defined in the CREST Regulations)
“CREST Participant”	a person who is, in relation to CREST, a system participant (as defined in the CREST Regulations)
“CREST Regulations”	the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755)
“crore”	crore, 10,000,000 Rupees
“Custodian”	Collins Stewart (CI) Limited
“Custodian Agreement”	the agreement entered into between the Custodian and the Company dated 6 June 2007, further details of which are set out in paragraph 7.6 of Part VIII of this document
“CY£”	Cyprus pound, the lawful currency from time to time of Cyprus
“EEA”	the European Economic Area

<b>“Elara Capital”</b>	Elara Capital plc
<b>“Film Projects”</b>	film concepts or films in production or completed films in which the Group may invest or which the Group may produce, co-produce, distribute or license
<b>“Financial Services Authority” or “FSA”</b>	the UK Financial Services Authority
<b>“FMCG”</b>	fast moving consumer goods
<b>“FSMA”</b>	the Financial Services and Markets Act 2000, as amended
<b>“GDP”</b>	gross domestic product
<b>“Grant Thornton Corporate Finance” or “Nominated Adviser”</b>	the corporate finance division of Grant Thornton UK LLP which is authorised and regulated by the Financial Services Authority to carry on investment business
<b>“Grant Thornton UK LLP”</b>	a limited liability partnership registered in England and Wales whose principal place of business is Grant Thornton House, Melton Street, Euston Square, London NW1 2EP and which is the UK member firm of Grant Thornton International
<b>“Group”</b>	the Company and its subsidiaries from time to time
<b>“IFRS”</b>	International Financial Reporting Standards
<b>“Initial Film Projects”</b>	the initial portfolio of 14 Film Projects, comprising nine production agreements, one director’s agreement and one memorandum of understanding, which the Company intends to acquire from Studio 18, conditional on Admission, as further described in Part I of this document
<b>“intellectual property rights”</b>	means all and/or any intellectual property rights of whatever nature and howsoever arising including without limitation all and/or any inventions, patents, trade marks, service marks, registered designs, pending applications for any of those rights, trade and business names, domain names, rights to goodwill or to sue for passing off, unregistered trade marks and service marks, rights in designs, copyrights, know-how, rights in confidential information, all rights in computer software (including without limitation database rights) and all other similar or equivalent industrial, intellectual or commercial rights or property subsisting under the laws of each and every jurisdiction throughout the world whether registered or not, and whether vested, contingent or future and all reversions, renewals and extensions of any of the foregoing, and all rights under licences, consents, orders, statutes or otherwise in relation to any of the foregoing
<b>“Investment Adviser”</b>	RB Fincap Private Limited
<b>“Investment Management Agreement”</b>	the agreement entered into between the Investment Manager and the Company dated 6 June 2007, further details of which are set out in paragraph 7.5 of Part VIII of this document
<b>“Investment Management Share Purchase Agreement”</b>	a share purchase agreement dated 4 June 2007, entered into between Viacom Inc., BK Media Mauritius Private Limited and BK Enterprises Limited relating to the purchase of 50 per cent. of the issued ordinary share capital of BK Enterprises Limited
<b>“Investment Manager”</b>	BK Enterprises Limited
<b>“lakh”</b>	lakh, 100,000 Rupees
<b>“Lock-in Deed”</b>	the agreements (executed as a deed) entered into between Network 18 and BK Media Mauritius Private Limited and Grant Thornton

	Corporate Finance, Elara Capital and Oriel Securities as detailed in paragraphs 7.10 and 7.11 of Part VIII of this document
<b>“London Stock Exchange”</b> or <b>“LSE”</b>	London Stock Exchange plc
<b>“NAV”</b> or <b>“Net Asset Value”</b>	the net asset value of the Company as calculated in accordance with the Company’s normal accounting policies
<b>“Net Asset Value per Share”</b>	the Net Asset Value divided by the number of Ordinary Shares in issue
<b>“Net Profit After Tax”</b>	the net profit after tax of the Company (on a consolidated basis) as derived from the audited consolidated report and accounts of the Company
<b>“Official List”</b>	the Official List of the UKLA
<b>“Opening NAV”</b>	in respect of the first financial period of the Company, the amount equal to the net proceeds to the Company of the Placing and for each subsequent financial period the Net Asset Value of the Company (on a consolidated basis) as at the end of the financial period of the Company immediately preceding the financial period in question as derived from the audited consolidated report and accounts of the Company
<b>“Ordinary Shares”</b>	ordinary shares in the capital of the Company of no par value
<b>“Oriel Securities”</b>	Oriel Securities Limited
<b>“Placees”</b>	subscribers for Placing Shares procured by Elara Capital and Oriel Securities on behalf of the Company pursuant to the Placing Agreement
<b>“Placing”</b>	the placing by Elara Capital and Oriel Securities on behalf of the Company of the Placing Shares pursuant to the Placing Agreement
<b>“Placing Agreement”</b>	the placing agreement dated 6 June 2007 between the Company, the Directors, the Investment Manager, Grant Thornton Corporate Finance, Elara Capital, Oriel Securities and BK Media Mauritius Private Limited further details of which are set out in paragraph 7.4 of Part VIII of this document
<b>“Placing Price”</b>	100 pence per Placing Share
<b>“Placing Proceeds”</b>	£53 million, the estimated net proceeds of the Placing received by the Company
<b>“Placing Shares”</b>	the Ordinary Shares to be issued pursuant to the Placing
<b>“Pounds Sterling”</b> or <b>“£”</b>	pounds sterling, the lawful currency from time to time of Great Britain
<b>“Prospectus Rules”</b>	the Prospectus Rules published by the Financial Services Authority from time to time
<b>“Registrar”</b>	Capita Registrars (Guernsey) Limited
<b>“Regulatory Information Service Provider”</b>	a regulatory information service that is approved by the FSA
<b>“Rupees”</b>	Rupee, the legal currency of India
<b>“Shareholders”</b>	the persons who are registered as holders of Ordinary Shares from time to time
<b>“UK”</b> or <b>“United Kingdom”</b>	the United Kingdom of Great Britain and Northern Ireland
<b>“UKLA”</b> or <b>“United Kingdom Listing Authority”</b>	the FSA, acting in its capacity as the competent authority for the purposes of Part VI of FSMA
<b>“uncertificated”</b> or in	recorded on the register of Ordinary Shares as being held in

<b>“uncertificated form”</b>	uncertificated form in CREST, entitlement to which by virtue of the CREST Regulations, may be transferred by means of CREST
<b>“US”</b>	the United States of America, its territories and possessions, any state of the United States and District of Columbia
<b>“US\$”</b>	US dollars, the lawful currency from time to time of the US
<b>“Viacom”</b>	Viacom Inc, a company incorporated and existing under the laws of the State of Delaware, USA and having its principal place of business at 1515 Broadway, New York
<b>“Viacom Brand Solutions”</b>	Viacom Brand Solutions Limited, a company incorporated in England and Wales with company number 3038071, whose registered office is 2nd Floor, UK House, 180 Oxford Street, London W1D 1DS
<b>“1985 Act”</b>	the Companies Act 1985 of England and Wales, as amended and subordinate legislation made thereunder and every modification or re-enactment thereof for the time being in force

## GLOSSARY

The following terms are used throughout this document:

“Co-Producer”	one of two or more Producers who contract with each other to invest in and produce a film project on agreed terms as co-producers. The agreed terms are likely to include a share of intellectual property rights and/or the profit of the film. It is likely that the original Producer would seek terms so that it receives a premium on the investment to reflect the initial work it may have done on developing the film concept. The Co-Producers may enter into contracts with the Executive Producer and director and cast.
“Cross-over film”	a film representing at least two different cultures and aimed to appeal to those cultures.
“Executive Producer”	an individual or a company employed by the Producer to execute and complete a Film Project. The Executive Producer may enter into contracts with the directors, cast, Line Producer and other key parties to film production. The Executive Producer generally receives a flat fee.
“GBN” or “Global Broadcast News”	a subsidiary of Network 18 which broadcasts the Hindi and English general news channels in partnership with CNN.
“Indian Diaspora”	a person of Indian origin living outside India including an Indian citizen resident abroad.
“Investor”	a third party who invests money in a Film Project which, on completion, will be recovered in addition to a contracted flat fee. An Investor would not hold any of the intellectual property rights of the film and would receive the investment back regardless of the success, or otherwise, of the film project. The Investor will enter into a contract with the Producer only.
“Line Producer”	an individual or a company employed by the Executive Producer or Producer to provide the day-to-day management of the film production. The Line Producer generally receives a flat fee.
“Network 18”	Network 18 Fincap Limited, a media conglomerate, listed on the National Stock Exchange and the Bombay Stock Exchange, with joint ventures with CNN and CNBC which currently broadcasts four 24-hour news and business news channels in India. Network 18 is the holding company of Television 18 and Global Broadcast News, both of which are also listed on the National Stock Exchange and the Bombay Stock Exchange.
“Producer”	a Producer will structure and invest in the film project. The Producer will enter into contracts with the Executive Producer, the director and the cast and will generally hold the intellectual property rights of the film project.
“Purchasing Power Parity”	a method of computing the market exchange rate between currencies to reflect better the purchasing power of the currencies correcting for tariffs and other distortions and for non-traded goods in the consumer basket.
“Studio 18”	a division of Network 18, the holding company of the Television 18 group. Studio 18, based in Mumbai and with distribution offices in Delhi, London and New York, is involved in film acquisition, production, marketing, syndication and worldwide distribution.
“Television 18”	a subsidiary of Network 18 which broadcasts the Hindi and English business news channels in partnership with CNBC.

## **PLACING STATISTICS**

Placing Price	100p
Number of Placing Shares	55,000,000
Market capitalisation at the Placing Price on Admission	£55 million
Number of Ordinary Shares in issue following Admission	55,000,000
Estimated gross proceeds of the Placing	£55 million
Estimated net proceeds of the Placing receivable by the Company	£53 million

## **EXPECTED TIMETABLE OF PRINCIPAL EVENTS**

Admission of the Ordinary Shares to trading on AIM and commencement of dealings	8.00 a.m. (London time) on 18 June 2007
Crediting of CREST stock accounts by	18 June 2007
Dispatch of definitive Share Certificates by	22 June 2007

Each of the times and dates in the above timetable are subject to change.

## **EXCHANGE RATES**

The rate of exchange used for the purpose of this document is, unless otherwise stated, £1.00 = 80.8 Rupees, being the relevant rate of exchange at the close of business in London on 5 June 2007.

## **KEY INFORMATION**

**The attention of potential investors is drawn to the risk factors set out in Part IV of this document. The Ordinary Shares are only suitable for investors who understand the potential risk of capital loss, who understand that there may be limited liquidity in the underlying investments of the Company, for whom an investment in Ordinary Shares constitutes part of a diversified investment portfolio and who fully understand and are willing to assume the risks involved in investing in the Company. This information should be read as an introduction to the full text of this document and any decision to invest in Ordinary Shares should be based on consideration of the full text of this document.**

### **INTRODUCTION**

The Indian Film Company Limited (“IFC”) is a newly incorporated, Guernsey registered company established as a registered closed ended investment fund to make investments in both Indian films and films primarily targeted at the Indian audience. The Company’s capital structure is comprised of a single class of Ordinary Shares which it is intended will be admitted to trading on AIM.

The Company will operate as an externally managed India-focused motion picture company with outsourced production and distribution functions. The Directors and the Investment Manager believe that IFC will be the first publicly traded film company specifically created to invest in a portfolio of Indian films and films primarily targeted at the Indian audience of varying genre, language and budget. The Company intends to generate returns for its Shareholders through the utilisation of the combined experience and industry knowledge of the Directors, the Investment Manager and the Investment Adviser in the direction, production and distribution of Indian films.

### **MARKET OPPORTUNITY AND BACKGROUND**

There has recently been significant international interest in the Indian entertainment industry and the combination of creativity and commercial opportunity it provides. Over the last decade, India has registered the fastest economic growth among major democracies and is now the fourth largest economy, behind the US, Japan and China in terms of Purchasing Power Parity. Indian GDP is expected to grow by 9.2 per cent. to approximately £235 billion in 2007. This growth is expected to continue at an average of 8 per cent. per annum in the medium term.

The Indian entertainment industry continues to grow at a faster pace than the Indian economy and the film entertainment sub-sector, which generated revenues of approximately £1.02 billion in 2006, is growing faster still. The Directors and the Investment Manager believe the key growth drivers are the increasing per capita income of the Indian population; an expansion in audience, driven primarily by increased internationalism of Indian films and a greater number of multiplexes which are attracting more people to the cinema; and the exploitation of an increased number of revenue streams through which films and film products can be reached. There is also greater access to finance through both debt and capital markets. It is expected that by 2011 the film industry should generate revenues of approximately £2.1 billion, representing a compound annual growth rate of 16 per cent.

### **INVESTMENT OBJECTIVE**

The Group’s investment objective is to achieve total return for Shareholders through investment in a diverse portfolio of Indian films and films primarily targeted at the Indian audience across different genres, budgets and languages. The Group intends to build a library of intellectual property rights in various formats, such as satellite, home video and mobile technology. The Directors and the Investment Manager believe that the Group is well placed to take advantage of film investment opportunities and to capitalise on the growth that the Indian film industry is currently experiencing.

### **OPERATIONAL STRATEGY**

The Investment Manager, on behalf of the Group, will seek to capture opportunities in the entire value chain of film creation by (i) sourcing and evaluating prospective Film Projects through a research-led investment process and (ii) managing and structuring the production and distribution of such Film Projects. In sourcing prospective Film Projects it is intended that the Investment Manager will thoroughly evaluate film concepts, scripts, directors and cast in respect of current market data relating to current tastes and trends. The Investment Manager will then assess the feasibility of the project in relation to budget,

timescales and the risks and rewards of each opportunity. Once a Film Project has been approved by the Board, the Group will seek to retain full ownership of all intellectual property rights relating to each Film Project although ownership may be shared with Co-Producers where necessary. In certain situations, the Group may invest in a Film Project where it may not own any of the intellectual property rights.

## **PRE-INVESTMENTS**

Conditional upon Admission, the Group will acquire the Initial Film Projects from Studio 18. The Initial Film Projects were independently valued by Kingston Smith LLP at approximately £3 million as at 18 May 2007 (the last practicable date prior to the publication of this document). The committed expenditure on the Initial Film Projects, some of which are to be released shortly after Admission, is approximately £22 million.

## **TRACK RECORD**

The Company will benefit from a special relationship with Studio 18, a division of Network 18. Studio 18 was launched in June 2006 as a full production, co-production, marketing and global distribution platform. It has been agreed that the Company will have first right of refusal on any Film Project originated by Studio 18 but the Company will also retain the flexibility to explore and invest in Film Projects generated by other production companies.

Network 18 is the holding company of Television 18 and Global Broadcast News, all of which are listed on the National Stock Exchange and the Bombay Stock Exchange. Television-18 has a joint venture with CNBC and broadcasts two 24-hour business news channels in India (CNBC-TV18 and CNBC AWAAZ). Global Broadcast News has a joint venture with Time Warner and also broadcasts two 24-hour general news channels (CNN-IBN and IBN7). The combined market capitalisation of the two companies exceeds US\$1 billion.

Network 18 has undertaken to invest £10 million in Ordinary Shares as part of the Placing.

Viacom Inc. and Network 18 Group announced on 22 May 2007, the creation of a new 50/50 joint venture operation in India, proposed to be called Viacom-18. This is subject to regulatory approval and other closing conditions. The strategic alliance will include television, film and digital medial content across numerous brands.

BK Media Mauritius Private Limited (“BK Media”), the holding company of the Investment Manager, has entered into the Investment Management Share Purchase Agreement with Viacom, pursuant to which Viacom will acquire 50 per cent. of the Investment Manager’s issued ordinary share capital subject *inter alia* to and conditional on Admission. In the event that completion of the proposed Viacom-18 joint venture does not take place on or before 22 September 2007 or such other date as Viacom and the Network 18 Group may agree, the Investment Management Share Purchase Agreement contains a call option in favour of BK Media and a put option in favour of Viacom Brand Solutions to transfer the 2,500,000 Placing Shares subscribed for in the Placing by Viacom Brand Solutions (further details of which are set out in paragraph 5.2 of Part VIII of this document), to BK Media and also a call option in favour of BK Media and a put option in favour of Viacom to transfer the shares in the Investment Manager acquired by Viacom to BK Media.

## **THE PLACING**

The Placing comprises a limited offer by the Company of 55 million Placing Shares. Assuming that the Placing is fully subscribed, it will raise gross proceeds of approximately £55 million (net proceeds of approximately £53 million). The Placing Shares have been offered to selected investors at 100 pence per Placing Share. No offer of securities to the public in the EEA has been made for which a prospectus is required to be produced, and the Placing is not being underwritten. The Placing is conditional, *inter alia*, upon Admission. The net proceeds of the Placing will be used to acquire and fund the Initial Film Projects from Studio 18 and to fund investment by the Group in future Film Projects in accordance with the investment objective, operational strategy and investment policies outlined in this document, and to pay the Group’s ongoing ancillary costs. Elara Capital Oriel Securities have undertaken to use their reasonable endeavours, as agent of the Company, to procure Placees for 55 million Ordinary Shares at the Placing Price.

## **DISTRIBUTION POLICY**

The Company's investment objective is focussed primarily on capital appreciation by way of financing the production and distribution of Indian films. The Group intends to reinvest 75 per cent. of distributable profits into Film Projects. The Directors intend, but are not required, to distribute 25 per cent. of distributable profits to Shareholders commencing at the end of the first full accounting year following the date of Admission.

## **MANAGEMENT FEES AND ADMISSION EXPENSES**

In consideration for its services under the Investment Management Agreement, the Company or, if relevant, the relevant company in the Group, shall pay to the Investment Manager a management fee of 2 per cent. per annum of the Opening NAV for the relevant year, payable quarterly in advance in Pounds Sterling. In addition to the management fee, the Investment Manager shall also be entitled to receive from the Company or, if relevant, the relevant company in the Group, a performance fee, calculated and payable after the end of each performance fee period, equal to 20 per cent. of any excess of the Net Profit after Tax (after adding back (i) any liability to the Company or the Group in respect of such performance fee for that period and (ii) any amounts paid or payable to Shareholders (in their capacities as such) in respect of that period where the effect of such payment would reduce the Company's Net Profit after Tax for that period) as at the end of each performance fee period over the benchmark. Any performance fee shall be payable within 14 days of the end of the relevant performance fee period in Pounds Sterling. The benchmark shall be an amount equal to the Opening NAV for that period multiplied by 10 per cent. per annum provided always that no performance fee shall be payable to the Investment Manager in respect of a performance fee period unless at the end of that period the excess of the Net Profit after Tax after adding back the items referred to above over the benchmark is sufficiently great so as to ensure that any previous Deficits (as defined below) have been eliminated. For these purposes a Deficit shall be an amount, on a pound for pound basis, by which the Net Profit after Tax (after adding back the items referred to above) for a particular period fails to exceed the benchmark for that period and has not been subsequently eliminated.

The formation and initial expenses of the Group are those that are necessary for the incorporation and organisation of the Group and in order to effect the Placing. The Directors anticipate that the incorporation and initial expenses will not exceed approximately 4.5 per cent. of the Placing Proceeds.

## PART I

### THE COMPANY

#### 1. INTRODUCTION

The Indian Film Company Limited (“IFC”) is a newly incorporated, Guernsey registered company established as a registered closed ended investment fund to make investments in both Indian films and films primarily targeted at the Indian audience. The Company’s capital structure is comprised of a single class of Ordinary Shares which it is intended will be admitted to trading on AIM.

The Company will operate as an externally managed India-focused motion picture company with outsourced production and distribution functions. The Directors and the Investment Manager believe that IFC will be the first publicly traded film company specifically created to invest in a portfolio of Indian films and films primarily targeted at the Indian audience of varying genre, language and budget. The Group will seek to provide capital appreciation through the construction of a diverse library of intellectual property rights across varying formats. The Company intends to generate returns for its Shareholders through the utilisation of the combined experience and industry knowledge of the Directors, the Investment Manager and the Investment Adviser in the direction, production and distribution of Indian films.

The Company will benefit from a special relationship with Studio 18, a division of Network 18. Studio 18 was launched in June 2006 as a full production, co-production, marketing and global distribution platform. The Company will have first right of refusal on all Film Projects originated by Studio 18 but the Company will also retain the flexibility to explore and invest in Film Projects generated by other production companies.

Network 18 is the holding company of Television 18 and Global Broadcast News, all of which are listed on the National Stock Exchange and the Bombay Stock Exchange. Television 18 has a joint venture with CNBC and broadcasts two 24-hour business news channels in India (CNBC-TV18 and CNBC AWAAZ). Global Broadcast News has a joint venture with Time Warner and also broadcasts two 24-hour general news channels (CNN-IBN and IBN7). The combined market capitalisation of the two companies exceeds US\$1 billion.

Network 18 has undertaken to invest £10 million in Ordinary Shares as part of the Placing.

Viacom Inc. and Network 18 Group announced on 22 May 2007, the creation of a new 50/50 joint venture operation in India, proposed to be called Viacom-18. This is subject to regulatory approval and other closing conditions. The strategic alliance will include television, film and digital medial content across numerous brands.

BK Media Mauritius Private Limited (“BK Media”), the holding company of the Investment Manager, has entered into the Investment Management Share Purchase Agreement with Viacom, pursuant to which Viacom will acquire 50 per cent. of the Investment Manager’s issued ordinary share capital subject *inter alia* to and conditional on Admission. In the event that completion of the proposed Viacom-18 joint venture does not take place on or before 22 September 2007 or such other date as Viacom and the Network 18 Group may agree, the Investment Management Share Purchase Agreement contains a call option in favour of BK Media and a put option in favour of Viacom Brand Solutions to transfer the 2,500,000 Placing Shares subscribed for in the Placing by Viacom Brand Solutions (further details of which are set out in paragraph 5.2 of Part VIII of this document), to BK Media and also a call option in favour of BK Media and a put option in favour of Viacom to transfer the shares in the Investment Manager acquired by Viacom to BK Media.

Conditional on Admission, the Group will acquire the Initial Film Projects from Studio 18. The Initial Film Projects were independently valued by Kingston Smith LLP at approximately £3 million as at 18 May 2007 (the last practicable date prior to the publication of this document). The committed expenditure on the Initial Film Projects, some of which are to be released shortly after Admission, is approximately £22 million.

#### 2. MARKET OPPORTUNITY AND BACKGROUND

Over the last decade, India has registered the fastest economic growth among major democracies and is now the fourth largest economy, behind the US, Japan and China in terms of Purchasing Power Parity. Indian GDP is expected to grow by 9.2 per cent. to approximately £235 billion in 2007. This growth is expected to continue at an average of 8 per cent. per annum in the medium term. In addition, the Indian film industry is one of the fastest growing sectors in India and is expected to grow at a compound annual growth rate of 16 per cent. to approximately £2.1 billion by 2011. The Investment Manager believes that key growth drivers of the industry include the following:

- **Increasing per capita income.** 180 million people are expected to move into the consumer and rich classes over the next five years. The Indian middle class is increasing in both size and purchasing power. In 2006 the average wage in India rose by 13.4 per cent. The Indian entertainment industry is expected to significantly benefit from this fast economic growth. In general, when income rises, proportionately more resources are spent on leisure and entertainment than on necessities. 65 per cent. of the Indian population is under 35 years of age and the younger generation in India go to the cinema an average of three times more a year than the older generation. The Investment Manager believes that the increase in the disposable income of the Indian public over recent years may generate a significant increase in the demand for film entertainment, mobile phones, televisions, music systems and other similar goods.
- **Increasing access to finance.** An increasing number of media companies are entering the film production and distribution markets and are doing so by raising money by debt and through capital markets. In addition, in the last two years, private equity has become an important source of funding following a liberalisation within India of foreign direct investment and a general reduction in entertainment tax rates. In addition, the Investment Manager believes that international investment and large conglomerates following recognised corporate governance best practices have increased transparency and organisation within the Indian media industry.
- **Expansion of audience.** The overseas market for Indian films, primarily based around the Indian Diaspora of over 10 million households, has grown substantially in the last few years and this is expected to grow at a compound annual growth rate of 18 per cent. to 2011 as more Indian films are distributed and released in mainstream international theatres. In addition, there is also a growing market for foreign films in India with gross box office collections increasing by approximately 39 per cent. in 2006. The dubbing industry has also grown at 25 to 30 per cent. over the last five years.
- **Growth of retail industry.** The Indian retail industry is expected to grow at a compound annual growth rate of approximately 47 per cent. over the next three years. Such retail growth has resulted in increased development of Western style “mega malls” often containing multiplex cinemas. It is expected that there will be in excess of 900 multiplex cinemas in India, averaging four screens per cinema, by 2011. Multiplex cinemas offering an improved film-watching experience have attracted audiences away from traditional one-screen cinemas and increased both audience sizes and ticket prices.
- **Advances in technology.** The Indian film industry currently realises approximately 75 per cent. of its revenues from box office collections. The Investment Manager expects this to reduce as secondary revenues are estimated to increase through the sale of ancillary rights to mobile phone companies, television broadcasters and other distributors. Between 2005 and 2006, India’s mobile telephone subscribers increased from approximately 52 million to 123 million. The home video market is also demonstrating substantial growth and is expected to grow at a compound annual growth rate of 31 per cent. to 2011. Digital cinemas providing a high definition cinematic experience using computer, telecom and satellite technology are set to improve the cinema-going experience, reduce piracy and increase film penetration in rural India which represents over 40 per cent. of India’s middle class and over 50 per cent. of the total disposable income in India. The number of digital theatres in India is expected to increase from approximately 700 in 2006 to 2000 by 2008.
- **Increased marketing spend.** Indian advertising spends across all sectors has historically been below norms in both the developed and developing worlds. The Directors believe that this provides significant potential for growth as Western marketing strategies are developed to create greater interest in the opening of a film and to increase a film’s shelf life.

### 3. INVESTMENT OBJECTIVE

The Group’s investment objective is to achieve total return for Shareholders through investment in a diverse portfolio of Indian films and films primarily targeted at the Indian audience across varying genre, language and budgets. The Group will typically seek to enter into arrangements relating to Film Projects where the Group retains full ownership of all intellectual property rights relating to each Film Project although ownership may be shared with Co-Producers where necessary. In certain situations, the Group may invest in a Film Project where it may not own any of the intellectual property rights. However, the broad objective of the Group is to build a film library of intellectual property rights in various formats, such as satellite, home video and mobile technology. The Directors and the Investment Manager believe that the Group is well placed to take advantage of film investment opportunities and to capitalise on the growth that the Indian film industry is currently experiencing.

#### 4. OPERATIONAL STRATEGY

IFC will operate as an India-focused motion picture company with outsourced production and distribution functions will be externally managed by the Investment Manager. The Investment Manager, on behalf of the Group, will seek to capture opportunities in the entire value chain of film creation by (i) sourcing and evaluating prospective Film Projects through a research-led investment process and (ii) managing and structuring the production and distribution of such Film Projects. Further details of the investment process and production and distribution strategy are set out below:

##### Investment Process

The Group may either originate a Film Project, or may source a Film Project that has been originated by a third party, in which the Group may invest or co-produce. In either circumstance, the Company intends to adhere to the following process in seeking to produce creative and commercially successful movies.

- *Evaluation of scripts.* The Investment Manager will use movie experts and sector focus groups to continuously evaluate concepts and scripts in relation to their potential of being made into a commercially viable Film Project. A market research team will regularly collect and analyse market data relating to the tastes and preferences of various demographic segments and assess the relative popularity of all possible genres.
- *Evaluation of key personnel.* The Investment Manager will evaluate the director, star cast and key technicians such as the director of photography and editor; research the compatibility of the cast with the genre of the project; and evaluate the track record of the director based on a combination of various factors such as previous track record measured in terms of critical acclaim as well as box office revenues received by the movies, familiarity with the genre, production values and the success in maintaining cost and time budgets.
- *Budgeting.* The Investment Manager will evaluate the production budget and timeline of the proposed Film Project in the context of the existing portfolio of Film Projects and then formulate a detailed revenue forecast for the proposed Film Project. The forecast will be determined according to the intellectual property rights to be held by the Group, where the films will be released and the formats in which the film will be released.
- *Feasibility study.* The Investment Manager will prepare a report covering the key aspects of each proposed investment and complete a detailed feasibility study of the proposed Film Project for submission to the Board for consideration and approval. The approval of the Board must be secured before an investment is made by the Group.

##### Production and Distribution Strategy

###### Production Strategy

The Investment Manager will consider recommending investment in a Film Project to the Group after assessing the creative elements of the Film Project, the risks and rewards of each opportunity and the nature of the counterparties involved. For each of the Film Projects, the Group may take the role of Producer or Co-Producer and to a lesser extent, the role of Investor. The different production strategies employed by the Group are summarised below:

- *The Investment Manager originates and the Group produces the Film Project.* The Investment Manager will identify and develop a concept, story and script for a film and the Group will enter into contracts with directors, casts and technicians. The Investment Manager will be responsible for recommendations on creative, production and distribution decisions and may, on behalf of the Group, liaise with the Executive Producer who will be appointed by the Group to manage the production on a day-to-day basis. The Group will seek to own 100 per cent. of the intellectual property rights of each Film Project subject to the incentivisation terms agreed with key individuals such as the director or cast members.
- *The Investment Manager originates the Film Project and the Group enters into a Co-Production agreement with a third party.* The Investment Manager will identify and develop a concept and then approach a third party to co-produce the film with the Group. The decision as to whether a Co-Producer should be identified will be made according to timing, funding and other commercial considerations. The Investment Manager will assess the suitability of a Co-Producer on both commercial and creative criteria. The Group will seek to obtain a dominant interest in the co-production agreement, and retain a majority interest in the intellectual property rights of the Film Project.

- *The Group enters into a Co-Production agreement as a third party.* The Investment Manager will seek to identify Film Projects that have been originated by a third party. Dependent on the terms offered by the third party, and following an assessment of the attractiveness of the Film Project, the Group may enter into agreements to either be a Co-Producer, and therefore share in intellectual property rights and profit of the Film Project, or purely as an Investor, and therefore receive a set return for the investment with no interest in the intellectual property rights. The Group may invest at an early stage of the Film Project or may purchase the rights to a completed film, typically receiving a small percentage of the intellectual property rights for a limited number of years.

The Directors believe that the collective experience of the Board and the Investment Manager in the structuring, production and pricing of Film Projects will provide the Group with a competitive advantage in the eyes of third parties seeking a knowledgeable, active partner able to add value beyond the provision of finance.

#### *Distribution Strategy*

When the Group is either the Producer or Co-Producer of a Film Project, or where the Group has acquired the distribution and licensing rights of a third party project, the Investment Manager will, prior to the completion of the Film Project, calculate what it believes to be an appropriate value of the distribution rights of the film. This will include a price at which the Investment Manager would advise the Group to pre-sell the licensing and intellectual property rights for all formats of the Film Project for a certain period. There are two principal ways in which the Group may distribute the rights to a Film Project, as described below:

- *Distribution through a third party.* The Group may choose to appoint a third party to manage and develop the Film Project distribution strategy. The Group may sell the licensing and intellectual property rights for all media formats for a fixed period for which it would receive a fixed fee and a share of the profits above an agreed level. The independent distributor would have complete control over the distribution strategy through all media for a fixed period of time.
- *Outsourced Distribution.* The Group may decide to retain ownership of the intellectual property rights and control of the distribution of the Film Project. In such circumstances, key marketing and strategy decisions would be taken by the Investment Manager. For domestic and overseas films, distribution may be outsourced to a distribution provider through one of two ways, either (i) on a commission basis, whereby the provider receives a set fee, or (ii) on a minimum guarantee basis whereby the provider is paid the cost of distribution plus a share of the profit of the film. The Group may also acquire and distribute third party film projects.

### **5. CONFLICTS OF INTEREST**

Mr. Raghav Bahl is the founder and majority shareholder of Network 18 of which Studio 18 is a division. He is also a Director of the Company and of the Investment Manager. Under the terms of the Deed of Transfer and Assignment, as set out in Part VIII of this document, Studio 18 is required to offer all Film Projects that they originate to the Group. The Group may then choose to invest in Studio 18 Film Projects or co-produce films with Studio 18. Studio 18 may also act as Executive Producer or distribute films for the Group. The Investment Manager must seek the approval of the Board prior to entering into any transaction on behalf of the Group in which Studio 18 has a material interest. Mr. Raghav Bahl may not vote on any Group transaction in which Studio 18 has an interest.

### **6. INVESTMENT POLICIES AND RESTRICTIONS**

The Investment Manager will adhere to the following investment policies and restrictions in making its recommendations to the Board:

- *Target Film Projects.* Investments will be made in Indian films and films primarily targeted at an Indian audience that will range across different genres, languages (including Hindi, regional Indian languages and English) and budgets, and to a lesser extent, Cross-over films.
- *Type of Investments.* Investments will be funded by way of cash. It is not intended that Ordinary Shares will be used as consideration for any investments in Film Projects.
- *Number of Investments.* Once fully invested, the Investment Manager envisages that the Group should hold investments in a diversified portfolio of approximately 30 to 40 Film Projects.
- *Investment Size.* It is anticipated that the size of each of the Group's investments in individual Film Projects should initially range from £1 million to £7 million. However, it is likely that this will increase

if film production costs in India also increase. No one initial investment should exceed 20 per cent. of the Group's Net Asset Value at the time of the investment.

- *Borrowing.* The Group may be permitted to use debt at the investment level where appropriate and may borrow, for investment or short-term funding purposes, amounts of up to 50 per cent. of Net Asset Value calculated at the time of borrowing. The Group may also utilise an overdraft and other short-term borrowing facilities to provide short-term working capital, including capital required to meet any expenses or fees payable by the Group.
- *Investment Timeline.* The Investment Manager believes that the Placing Proceeds should be invested within 18 months of Admission.
- *Uninvested Funds.* The Company intends that cash pending investment, reinvestment or distribution should be placed in bank deposits, bonds or government-issued treasury securities in order to protect the capital value of the Group's cash assets.

The Directors will review the investment policies set out above on an annual basis and, subject to their review and in the absence of unforeseen circumstances, the Group intends to adhere to the above investment policies for at least three years after Admission, subject to amendment by agreement of the Shareholders. In the event of a breach of any of the above-listed investment restrictions, the Investment Manager will inform the Board upon becoming aware of the same and the Board will discuss such breach with the Company's nominated adviser in order to determine whether notification should be made to a Regulatory Information Service Provider.

## 7. PRE-INVESTMENTS

Conditional on Admission, the Group will acquire the 14 Initial Film Projects from Studio 18. The Initial Film Projects were independently valued by Kingston Smith LLP at approximately £3 million as at 18 May 2007 (the last practicable date prior to the publication of this document). With effect from Admission, Studio 18 has agreed to transfer the Initial Film Projects to the Company's wholly owned subsidiary, The Indian Film Company (Cyprus) Limited, for a cash consideration as adjusted by the mechanism detailed in the Deed of Transfer and Assignment described in paragraph 7.9 of Part VIII of this document. The parties propose to enter into an amendment deed prior to Admission in order to update certain provisions in the Deed of Transfer and Assignment. The committed expenditure on the Initial Film Projects, some of which are to be released shortly after Admission, is approximately £22 million. Brief summaries of the Initial Film Projects are detailed below:

**Bhootnath** is a Hindi comedy film which is expected to be co-produced with BR Films and is expected to star Amitabh Bachchan and Juhi Chawla. It is intended that the film will be directed by Vivek Sharma under the creative supervision of Ravi Chopra.

**Untitled 1** is a Hindi film which is expected to be co-produced with Kaleidoscope Entertainment Pvt. Limited. The film is expected to be directed by a leading director and have an 'A-list' cast.

**Untitled 2** is a Hindi film which is expected to be co-produced by Kaleidoscope Entertainment Pvt. Limited and have leading director and cast.

**Little Zizou** is a co-production of an English film with Jigri Dost Productions, and is expected to star Boman Irani and be directed by Sooni Taraporevala. The film is expected to be co-presented by Mira Nair.

**Halla Bol** is a Hindi film to be co-produced with Sunrise Pictures, starring Ajay Devgan, Vidya Balan and Pankaj Kapoor. It is intended that the film will be directed by Raj Kumar Santoshi.

**Golmaal II** is a Hindi comedy film co-produced with Shree Ashtavinayak which is expected to star Ajay Devgan, Arshad Warsi, Paresh Rawal and to be directed by Rohit Shetty.

The Initial Film Projects also include a further eight untitled Hindi comedy, thriller and action films. Three of these Initial Film Projects are expected to be co-produced by Shree Ashtavinayak and each of Neeraj Vora, Priyadarshan and Abbas Mustan is expected to direct one of these films. Two of the Initial Film Projects are expected to be directed by Rohit Shetty, a further two directed by Anurag Basu and the final Initial Film Project by Amrit Sagar. Five of the films are expected to be under the executive production of Studio 18 and it is expected that the casts for these films will include Akshay Kumar, Salman Khan and Sanjay Dutt. The Group will have a full or partial interest in the intellectual property rights in respect of four of the Initial Film Projects.

Studio 18 has entered into agreements in relation to a pipeline of an additional five Film Projects which will be offered to the Company following Admission.

## **8. TRACK RECORD**

IFC benefits from the collective experience and expertise of its Board, the Investment Manager and the Investment Adviser. With their combined skills and extensive network of contacts and relationships, the Directors believe that the Group is well positioned to carry out its investment strategy.

The Board comprises respected and influential media specialists who have considerable depth and breadth of experience in the Indian film industry. Mr. Shyam Benegal is one of the leading Indian film makers and has been the recipient of many national and international awards. Mr. Raghav Bahl, whose biography is set out below, is the founder and majority shareholder of India's leading media conglomerate which has an aggregate market capitalisation in excess of US\$1 billion. Lord Meghnad Desai is a former professor of the London School of Economics and is the recipient of several awards in India and a published author on the Indian film industry. Mr. Alok Verma and Mr. Peter Radford are experienced finance professionals well versed with various aspects of investment and finance disciplines. Biographies of the Board are detailed in Part II of this document.

The Investment Manager and the Investment Adviser collectively have extensive experience in the Indian film industry, most recently with Studio 18, part of the Network 18 group. Studio 18, based in Mumbai, is involved in film acquisition, production, marketing, syndication and distribution. It has offices in London and New York which are responsible for marketing and distributing produced and acquired films in the UK and US respectively. Summary biographies of key members of the Investment Manager and the Investment Adviser are detailed below with fuller biographies set out in Part II of this document.

### **Raghav Bahl**

Mr. Bahl has over 22 years' experience in entertainment, media and journalism. He began his career in media in 1985 as a correspondent and anchorperson for Doordarshan, the Indian state-owned national broadcaster. He was the anchorperson and production consultant for India's first monthly video news magazine, Newstrack, produced by the India Today group. From 1991 to 1993 he was executive director of Business India Television and produced the Business India Show and Business A.M. on Doordarshan. He was the winner of the Sanskriti Award for Journalism in 1994 and has written articles for The Times of India, The Statesman and The Pioneer. Mr. Bahl is a member of World Economic Forum and is the founder and majority shareholder of Network 18, a highly respected media conglomerate. TV 18 has joint ventures with CNN and CNBC, broadcasts four 24-hour news channels in India and employs more than 2,500 media professionals across India. Mr. Bahl was recently ranked by India's leading magazine, India Today, as the 15th most powerful man in India.

### **Sandeep Bhargava**

Mr. Bhargava was until recently the chief executive officer of Studio 18 and has over 17 years' experience in business and advertising. Before joining Studio 18 he was chief operating officer of Sahara One Motion Pictures, where he was involved in the release of over 28 films in India, with a total investment of approximately £22 million. The portfolio of movies produced under his supervision includes both commercially and critically successful movies which have won five national awards. Prior to joining Sahara One, Mr. Bhargava was the chief operating officer of UTV, during which time he led multiple strategic business units such as Airtime Sales Syndication, Advertisement Film Production, Dubbing and Post Production.

### **Shibasish Sarkar FCA**

Mr. Sarkar has 14 years' experience in financial management in the manufacturing, FMCG and media and entertainment industries. Until June 2006, he was the chief financial officer of Percept Picture Company, one of the largest motion picture companies in India, and completed the production and financial management of 12 Hindi movies during that tenure. Previously, Mr. Sarkar was vice president of finance for UTV and managed the initial public offering of that company on the Bombay Stock Exchange. Whilst at UTV, he played a key role in the structuring of domestic and overseas distribution with a total investment of approximately £16 million, and the launch of broadcasting channel Hungama in which an investment of approximately £11 million was made. Previously with Godrej Sara Lee, a Sara Lee Inc. venture in India, Mr. Sarkar worked across multiple functions and geographies, and played a key role in setting up operations and factories in Sri Lanka, Bangladesh and South Africa. Mr. Sarkar is a qualified Chartered Accountant, Cost Accountant and Company Secretary.

## **9. GROUP STRUCTURE**

In order to seek to ensure that investments made by the Company, and the returns generated on the realisation of investments, are optimised, the Group has established The Indian Film Company (Cyprus) Limited, a wholly owned subsidiary of the Company incorporated in Cyprus, and currently intends to

establish a wholly owned subsidiary of The Indian Film Company (Cyprus) Limited in India. It is intended that The Indian Film Company (Cyprus) Limited will hold and manage the intellectual property rights of the Group other than Indian domestic theatrical intellectual property which should generally be held by the proposed Indian subsidiary. The Group may establish further subsidiaries or special purpose vehicles as part of its investment strategy in an attempt to maximise Shareholder returns. Further information in respect of The Indian Film Company (Cyprus) Limited is detailed in Part VIII of this document.

## **10. THE PLACING**

The Placing comprises a limited offer by the Company of 55 million Placing Shares. Assuming that the Placing is fully subscribed, it will raise gross proceeds of approximately £55 million (net proceeds of approximately £53 million). The Placing Shares have been offered to selected investors at 100 pence per Placing Share. No offer of securities to the public in the EEA has been made for which a prospectus is required to be produced, and the Placing is not being underwritten. The Placing is conditional, *inter alia*, upon Admission. The net proceeds of the Placing will be used to acquire and fund the Initial Film Projects from Studio 18 and to fund investment by the Group in Film Projects in accordance with the investment objective, operational strategy and investment policies outlined in this document, and to pay the Group's ongoing ancillary costs.

Elara Capital and Oriel Securities have undertaken to use their reasonable endeavours to procure Places for 55 million Ordinary Shares, as placing agent for the Group at 100 pence per Ordinary Share. An aggregate commission of £1,275,000 shall be payable on Admission by the Group to Elara Capital and Oriel Securities. Elara Capital and Oriel Securities will also be responsible for paying any other placing agent that may be engaged in respect of the Placing. Further details of the Placing Agreement are set out in paragraph 7.4 of Part VIII of this document.

## **11. FOREIGN EXCHANGE POLICY**

It is the Company's policy to determine the valuations of all its investments in Rupees. Consequently, the value of its investments may fluctuate with changes in the rate of exchange of Pounds Sterling against the Rupee or any other currency in which an investment is made. The Group may enter into currency arrangements to hedge currency risks if such arrangements are desirable and practicable in the future, but there is no guarantee that such arrangements will be available on economic terms or at all.

## **12. DISTRIBUTION POLICY AND DISCOUNT MANAGEMENT**

The Company's investment objective is focussed primarily on capital appreciation by way of financing the production and distribution of Indian films. The Group intends to reinvest 75 per cent. of distributable profits into Film Projects which adhere to the strategy and parameters described above. The Directors currently intend, but are not required, to distribute 25 per cent. of distributable profits to Shareholders commencing at the end of the first full accounting year following the date of Admission.

The Company may purchase Ordinary Shares in the market in order to address any imbalance between the supply of and demand for Ordinary Shares and to increase the Net Asset Value per remaining Ordinary Share. So as to allow for this, the Company proposes (subject to approval of the Royal Court in Guernsey) to cancel all of its share premium account, thereby creating a special reserve which may be treated as distributable profits for all purposes, including making purchases of Ordinary Shares and paying dividends.

A special resolution and an ordinary resolution have been passed at an extraordinary general meeting of the Company, subject to the Placing becoming unconditional and the approval of the Royal Court in Guernsey, authorising the cancellation of all of the share premium account of the Company following the issue of Ordinary Shares pursuant to the Placing and granting the Company authority to make market purchases of up to 14.99 per cent. of its own issued Ordinary Shares. A renewal of the authority to make purchases of Ordinary Shares will be sought from Shareholders at each annual general meeting of the Company.

No purchase of Ordinary Shares can be made by the Company until the cancellation of the share premium account has been approved the Royal Court in Guernsey (and the terms of any undertaking regarding creditors required by the Royal Court in Guernsey have been complied with) or the Company has sufficient capital reserves to finance such purchases.

Purchases of Ordinary Shares will be made within guidelines established from time to time by the Board. Ordinary Shares repurchased may be held in Treasury.

Shareholders should note that the exercise of the Company's powers to repurchase Ordinary Shares is entirely discretionary and Shareholders should place no expectation or reliance on the Directors exercising such discretion on any one or more occasions.

**13. LIFE OF THE COMPANY**

The Company does not have a fixed life and its duration is unlimited.

**14. SUITABILITY**

The Company may only be marketed to, and is only suitable as an investment for, sophisticated investors with an understanding of the risks inherent in investment in emerging market jurisdictions and an ability to accept the potential total loss of all capital invested in the Company.

## PART II

### DIRECTORS, MANAGEMENT AND ADMINISTRATION

#### 1. THE DIRECTORS OF THE COMPANY

The Directors have overall responsibility for the Company's activities including the review of its investment activities and performance. The Directors have primary responsibility for determining the Company's overall investment objectives, strategy and policy and for implementing the Company's investment policies. The Board is also responsible for supervising and reviewing the activities of the Investment Manager. The Board will meet at least four times each year to review the Company's investment objectives and policies and as necessary to approve investments in accordance with the approval process described in paragraph 4 of Part I of this document. Details of the Directors, all of whom are non-executives, are set out below.

##### **Shyam Benegal** (*Chairman*), *aged 72 years*

Mr. Benegal is one of the leading film makers in India. He has directed over 1,000 advertising commercials, 65 documentaries, 25 motion pictures and 3 major television series including a 53-hour series on 'The History of India'. His films have won a number of national and international awards. Two of his films were nominated for Best Foreign Film Oscars. He was the chairman of Film Television Institute of India between 1980 and 1983 and between 1989 and 1992, and was part of the National Integration Council between 1986 and 1989 and the National Council of Art between 1980 and 1984. Mr. Benegal was awarded PADMASHRI in 1976, and PADMABHUSHAN, in 1991. Both awards were bestowed by the Indian government in recognition of his contribution to Indian public life. He is currently a member of the Upper House of the Indian parliament. He was awarded the State Prize of the USSR in 1985, the Sovietland Nehru Award in 1989 and Indira Gandhi National Integration Award in 2004.

##### **Raghav Bahl**, *aged 46 years*

Mr. Bahl has over 22 years' experience in entertainment, media and journalism. He began his career in media in 1985 as a correspondent and anchorperson for Doordarshan, the Indian state owned national broadcaster. He was the anchorperson and production consultant for India's first monthly video news magazine, Newstrack, produced by the India Today group. From 1991 to 1993 he was executive director of Business India Television and produced the Business India Show and Business A.M. on Doordarshan. He was the winner of the Sanskriti Award for Journalism in 1994 and has written articles for The Times of India, The Statesman and The Pioneer. Mr. Bahl is a member of World Economic Forum and is the founder and majority shareholder of Network 18, a highly respected media conglomerate. TV 18 has joint ventures with CNN and CNBC, broadcasts four 24-hour news channels in India and employs more than 2,500 media professionals across India. Mr. Bahl was recently ranked by India's leading magazine, India Today, as the 15th most powerful man in India.

##### **Lord Meghnad Desai**, *aged 67 years*

Lord Desai, who holds a doctorate from the University of Pennsylvania, started his professional career in the Department of Agricultural Economics, University of California, in 1963. In 1965, he was appointed as a lecturer of economics at the London School of Economics and became a professor in 1983, a post he held until 2003. During this time he founded the Centre for the Study of Global Governance. Lord Desai is a recipient of several Honorary Degrees from universities such as Kingston, Middlesex, East London, London Guildhall and Monash University, Australia. He was anointed Lord Desai of St Clement Danes in 1991 and was awarded Pravasi Bharatiya Puraskar (Distinguished Overseas Indian Award) in January 2004 and Bharat Gaurav by the Indian Merchants Chambers in 2002. Lord Desai was made an Honorary Fellow of the London School of Economics in July 2005. He has also published a book on the Bollywood film industry.

##### **Alok Verma FCA**, *aged 52 years*

Mr. Verma is a Senior Partner of Sedley Richards Laurence Voulters and a Chartered Accountant by profession. Mr. Verma is a specialist in finance and corporate advisory work including pre- and post-acquisition investigations, management buyouts, business start-ups, share valuation, transaction support and national and international group re-structuring. He was previously with Casson Beckman (now BakerTilly) where he worked mainly in Audit and Corporate Finance.

**Peter Radford FCA, aged 50 years**

Mr. Radford was appointed managing director of Bordeaux Services Limited on its incorporation in 1997. Mr. Radford started his career with BDO Reads in 1978 and subsequently worked for Executive Management Trust in Amsterdam between 1981 and 1983 and Fisher Hoffman Stride in Johannesburg between 1983 and 1986. From 1986 to 1991 Mr. Radford was Managing Director of the Abroad Spectrum Group based in Durban, South Africa. In 1991 he returned to Guernsey to develop the fund administration and asset management business of the Havelet Trust Group. Mr. Radford holds a number of directorships within the Genesis Fund Management Group and is a director of a range of Guernsey-based mutual fund companies and investment companies. He is a Fellow of the Institute of Chartered Accountants in England and Wales, the South African Institute of Chartered Accountants, the Securities and Investment Institute and the Society of Trust and Estate Practitioners. He is a resident of Guernsey.

## **2. THE INVESTMENT MANAGER**

The Group has entered into the Investment Management Agreement with BK Enterprises Limited, a company ultimately controlled by Mr. Raghav Bahl. The responsibilities of the Investment Manager are set out below and are subject always to the overall policies, direction and control of the Board. The directors of the Investment Manager comprise Mr. Bahl, whose biography is set out in paragraph 1 above, and Messrs Tsang Mang Kin and Chadha whose biographies are detailed below.

**Tsang Fan Hin Tsang Mang Kin (Non-executive Director), aged 69 years**

Mr. Tsang Mang Kin is currently chairman of King Group which includes London Satellite Systems, a leading broadcaster in Mauritius which broadcasts Indian, Chinese, Pakistani, Middle Eastern and European channels. He was a member of parliament and a prominent member of the political establishment in Mauritius for ten years during which time he was a government minister of key portfolios such as Public Affairs and Arts, Culture and Leisure. He was the deputy director of the Commonwealth Foundation in London between 1983 and 1990 and has been involved with several Commonwealth initiatives. His diplomatic career spanned from 1968 to 1990 during which time he was posted in Paris and Brussels and served as the Minister-Counsellor of External Affairs. Mr. Tsang Mang Kin has a degree from the University of London.

**Vivek Chadha (Non-executive Director), aged 53 years**

Mr. Chadha is currently managing director of Chadbro (Mauritius) Limited, a management consultancy firm, which advises media companies in Mauritius. He was formerly the chairman, managing director and chief executive of the Union International Bank Limited in Mauritius and has also served as chief executive of Fairtrade Resources in Singapore. He was previously General Manager of MRC Wire Products Limited. He has a keen interest in the Indian film industry and has good contacts with Mauritius and Indian institutions. Mr. Chadha has a degree from the Sri Ram College of Commerce at Delhi University.

Pursuant to the Investment Management Agreement the Investment Manager is responsible, *inter alia*, for the following:

- Seeking out, conceptualising, evaluating and advising on the deployment of funds in relation to Film Projects and related investment opportunities for investment by the Group in accordance with the Company's investment policies and restrictions;
- Evaluating film concepts and scripts by preparing and giving due consideration to, feasibility reports and revenue estimates;
- Advising the Group in relation to the acquisition, ownership, control and transferability of intellectual property rights;
- Advising the Group in relation to copyright protection and registration;
- Providing periodic status reports on project proposals and projects in progress, including tracking and monitoring the schedules, budgets and revenue targets;
- Evaluating and making recommendations to the Board in relation to distribution arrangements; and
- Advising the Board generally in relation to investment trends and market movements in the Indian film industry and all other matters likely, or which might reasonably be considered likely, to affect the investment policy.

In consideration for its services under the Investment Management Agreement, the Company or, if relevant, the relevant company in the Group, shall pay to the Investment Manager a management fee of 2 cent. per annum of the Opening NAV for the relevant year, payable quarterly in advance in Pounds Sterling.

In addition to the management fee described above, the Investment Manager shall also be entitled to receive from the Company or, if relevant, the relevant company in the Group, a performance fee, calculated and payable after the end of each performance fee period, equal to 20 per cent. of any excess of the Net Profit after Tax (after adding back (i) any liability to the Company or the Group in respect of such performance fee for that period and (ii) any amounts paid or payable to Shareholders (in their capacities as such) in respect of that period where the effect of such payment would reduce the Company's Net Profit after Tax for that period) as at the end of each performance fee period over the benchmark. Any performance fee shall be payable within 14 days of the end of the relevant performance fee period in Pounds Sterling.

The benchmark shall be an amount equal to the Opening NAV for that period multiplied by 10 per cent. per annum provided always that no performance fee shall be payable to the Investment Manager in respect of a performance fee period unless at the end of that period the excess of the Net Profit after Tax after adding back the items referred to above over the benchmark is sufficiently great so as to ensure that any previous Deficits (as defined below) have been eliminated. For these purposes a Deficit shall be an amount, on a pound for pound basis, by which the Net Profit after Tax (after adding back the items referred to above) for a particular period fails to exceed the benchmark for that period and has not been subsequently eliminated.

The first performance fee period shall commence on Admission and shall terminate on 31 March 2008. Each subsequent performance fee period shall commence on 1 April and terminate on 31 March in the following year.

With the written consent of the Board, the Investment Manager may sub-contract or delegate on such terms and to such persons as it may think fit the functions undertaken by the Investment Manager under the Investment Management Agreement provided that the payment or reimbursement of all fees, costs and expenses payable to such persons under the terms of their appointment shall be the sole responsibility of the Investment Manager.

The Investment Management Agreement is terminable on 12 months' notice expiring on or at any time after the third anniversary of Admission. The Investment Management Agreement may be terminated summarily or on shorter notice in certain other circumstances including for material breach of contract and contains an indemnity in favour of the Investment Manager from the Company for losses it may suffer in connection with its performance of services under the agreement.

The Investment Manager expects shortly to enter into an agreement with a strategic partner in respect of a joint venture. As part of the proposed transaction, it is envisaged that the joint venture partner, an international media company, will take a 50 per cent. equity interest in the Investment Manager. However since the joint venture transaction is still not formally complete, due to the extensive confidentiality obligations which are currently borne by the Investment Manager, it is not possible to disclose the identity of the potential joint venture party. Notwithstanding the foregoing, any joint venture arrangements that are made in respect of the Investment Manager should not impact on its ability to manage the Company in accordance with the Investment Management Agreement and will not affect the personnel available to the Investment Manager to undertake its management obligations.

### **3. THE INVESTMENT ADVISER**

The Investment Manager has appointed the Investment Adviser to provide non-binding advice on the investment opportunities in the film industry in India. In consideration for these services the Investment Manager will pay to the Investment Adviser fees to be agreed between them from time to time. The biographies of Mr. Sanjay Ray Chaudhuri and Mr. Sandeep Bhargava, the directors of the Investment Adviser, and the biographies of Mr. Shibasish Sarkar and Ms. Priti Shahani, key employees of the Investment Adviser, are set out below. The Investment Adviser is wholly owned by Mr. Sanjay Ray Chaudhuri.

#### **Sandeep Bhargava** (*Chief Executive Officer*), aged 41 years

Mr. Bhargava was until recently the chief executive officer of Studio 18 and has over 17 years' experience in advertising and film production. Before joining Studio 18 he was chief operating officer of Sahara One Motion Pictures, where he was involved in the release of over 28 films in India, with a total investment of approximately £22 million. The portfolio of movies produced under his supervision includes both commercially and critically successful movies which have won 5 national awards. Prior to joining Sahara One, Mr. Bhargava was the chief operating officer of UTV, during which time he led multiple Strategic Business Units such as Airtime Sales Syndication, Advertisement Film Production, Dubbing and Post Production. Mr. Bhargava started his career in leading advertising agencies and handled top multinational and Indian brands such as 555, Benson & Hedges, Coke, Lafarge Cement, Lever, Hutch, Reliance

Infocom & Tata Steel. Mr. Bhargava has an MBA in Marketing & International Business from the University of Akron, USA.

**Sanjay Ray Chaudhuri** (*Non-executive Director*), aged 37 years

Mr. Chaudhuri started his career as an independent documentary film-maker for Doordarshan. He went on to direct and present India's first indigenously produced show for satellite television, The India Show. He received the Onida Pinnacle Award for Excellence in Television in 1995. In a television career spanning 10 years Mr. Chaudhuri has directed music videos, corporate films, advertising films, chat shows, game-shows and business shows. Mr. Chaudhuri is a director of both Network 18 and Television 18. Mr. Chaudhuri graduated in B.A. Hons (English) from St. Stephens College, Delhi University and a Masters Degree in Mass Communications from the Mass Communications Research Centre.

**Shibasish Sarkar FCA** (*Chief Financial Officer*), aged 35 years

Mr. Sarkar has 14 years' experience in financial management in the manufacturing, FMCG and media and entertainment industries. Up to June 2006, he was the chief financial officer of Percept Picture Company, one of the largest motion picture companies in India, and completed the production and financial management of 12 Hindi movies during that tenure. Previously, Mr. Sarkar was vice president of finance for UTV and managed the initial public offering of that company on the Bombay Stock Exchange. Whilst at UTV, he played a key role in the structuring of domestic and overseas distribution with a total investment of approximately £16 million, and the launch of broadcasting channel Hungama in which an investment of approximately £11 million was made. Previously with Godrej Sara Lee, a Sara Lee Inc. venture in India, Mr. Sarkar worked across multiple functions and geographies, and played a key role in setting up operations and factories in Sri Lanka, Bangladesh and South Africa. Mr. Sarkar is a qualified Chartered Accountant, Cost Accountant and Company Secretary.

**Priti Pradeep Shahani** (*Head of Marketing, Domestic Distribution and Syndication*), aged 38 years

Ms. Shahani has 14 years of experience in sales and marketing across the film, media, entertainment and hospitality industries. Before joining Studio 18, she was the Head of Marketing of Sahara One Motion Picture, where she was instrumental in creating brand awareness of the organisation. Ms. Shahani has marketed a number of commercially successful Hindi films. Prior to joining Sahara One, Ms. Shahani co-founded Hungama, a leading entertainment portal. Ms. Shahani started her career in sales and marketing at Taj Hotels, after completing a Commerce degree from Mumbai University.

#### **4. THE CUSTODIAN, ADMINISTRATOR AND REGISTRAR**

##### **Custodian**

The Company has appointed Collins Stewart (CI) Limited to act as custodian of certain of the Company's assets pursuant to the Custodian Agreement. The Custodian is a limited liability company established under the laws of Guernsey and is licensed and regulated by the Guernsey Financial Services Commission. It was incorporated on 20 June 1990 with registered number 22761 and its registered office is 2nd Floor, No. 1 Le Truchot, St. Peter Port, Guernsey GY1 4AE. The Custodian is an indirect subsidiary of Collins Stewart plc.

In its capacity as custodian, and pursuant to the Custodian Agreement dated 6 June 2007, the Custodian accepts responsibility for the safe custody of the property of the Company which is delivered to and accepted by the Custodian or any sub-custodian. The Custodian shall be entitled to receive an annual fee from the Company of 0.05 per cent. per annum of the value of the Company's assets held in its custody together with additional transactional fees to be agreed and any time-charged fees. The Custodian has the benefit of an indemnity from the Company against liabilities arising in the absence of the Custodian's negligence, fraud or wilful default. The Custodian Agreement is terminable on three months' notice expiring on or after the first anniversary of Admission and on shorter notice in the event of material breach of contract or liquidation.

##### **Administrator**

The Company has appointed Elysium Fund Management Limited to act as the Company's administrator and company secretary pursuant to the Administration Agreement. The Administrator is responsible, under the supervision of the Directors, for providing administrative and company secretarial services required in connection with the Company's operations.

Pursuant to the Administration Agreement dated 6 June 2007, the Administrator shall be entitled to receive a minimum annual fee rising to £100,000 in the third year following Admission, payable by the Company

quarterly in arrears, for administration and company secretarial services to the Group. The Agreement contains an indemnity in favour of the Administrator against claims by third parties except to the extent that the claim is due to the negligence, fraud, bad faith or wilful default of the Administrator. The agreement may be terminated by either party giving not less than 6 months' notice such notice to expire at any time on or after the second anniversary of Admission or otherwise in circumstances where either party goes into liquidation or commits a material breach of contract.

### **Registrar**

The Company has appointed Capita Registrars (Guernsey) Limited to act as the Company's registrar, and be responsible for maintaining the Company's register of members. All of the Ordinary Shares will be in registered form and will be eligible for settlement in CREST. Temporary documents of title will not be issued.

Further details of the Company's agreements with the Custodian, Administrator and Registrar are set out in paragraphs 7.6, 7.7 and 7.8 of Part VIII of this document.

## PART III

### OTHER INFORMATION

#### 1. ANNUAL EXPENSES

##### Formation and Initial Expenses

The formation and initial expenses of the Group are those necessary for the incorporation and organisation of the Group and in order to effect the Placing. Such expenses will include fees payable to Grant Thornton Corporate Finance, Elara Capital, Oriel Securities, Access Financial Services, the Custodian's, Administrator's and Registrar's fees, Admission fees, printing, advertising and distribution costs, legal and accounting fees and any other related expenses. These expenses will be met by the Group out of the Placing Proceeds and will be paid on or around Admission. The Directors anticipate that incorporation and initial expenses will not exceed approximately 4.5 per cent. of the Placing Proceeds.

##### Operational Expenses

The Group will incur the operational costs of film production and distribution. Additional expenses will include, among others, fees payable to the Investment Manager and the Directors. Details of the fees payable to the Investment Manager are set out in paragraph 7.5 of Part VIII of this document. Each Director other than Mr. Raghav Bahl will initially be paid a fee of £15,000 per annum (£20,000 for the Chairman) plus reimbursement of reasonable out-of-pocket expenses. Mr. Bahl has agreed to waive any entitlement to a director's fee. Other ongoing operational expenses of the Group include, among others, interest payments, bank fees, regulatory fees, legal fees, audit fees and other applicable expenses.

#### 2. REPORTS AND ACCOUNTS

The financial statements of the Group will be prepared under IFRS. The Company has only recently been incorporated and, consequently, it has not published any financial information. The Company's annual report and consolidated accounts will be prepared up to 31 March each year and copies of the report and accounts will be sent to Shareholders within the following six months. The first such annual report will cover the period from incorporation on 4 April 2007 to 31 March 2008. Shareholders will also receive an unaudited interim report covering the six-month period to the end of September in each year, the first such report covering the period from Admission to 30 September 2007, which will be dispatched to Shareholders within three months of such date.

#### 3. TAXATION

The Company has tax exempt status in Guernsey for 2007 pursuant to the Income Tax (Exempt Bodies) (Guernsey) Ordinance 1989 and will apply for such status annually thereafter. Under current legislation in Guernsey there is no liability to capital gains tax, wealth tax, capital transfer tax or estate or inheritance tax on the issue, transfer or realisation of Ordinary Shares in the Company, nor is any stamp duty or similar tax payable in Guernsey on the issue or transfer of such Ordinary Shares. The Directors will seek to conduct the affairs of the Company so that it should not become resident in the United Kingdom. Whilst the Directors will seek to minimise taxation, the income and capital gains of the Company may be subject to taxation at source. Further information concerning the tax status of the Company and the taxation treatment of Shareholders resident in the UK or Guernsey is contained in Part VII of this document. **Investors should seek advice from an independent professional adviser if they are in any doubt about the taxation consequences of acquiring, holding or disposing of Ordinary Shares.**

#### 4. LOCK-IN ARRANGEMENTS

Network 18 and BK Media Mauritius Private Limited have agreed, pursuant to Rule 7 of the AIM Rules for Companies, not to dispose of any Ordinary Shares within a period of 12 months from Admission except in certain restricted circumstances as allowed for under the AIM Rules for Companies. Details of the lock-in arrangements are set out in paragraphs 7.10 and 7.11 of Part VIII of this document.

#### 5. ADMISSION, SETTLEMENT AND DEALINGS

Application has been made to the London Stock Exchange for the issued and to be issued Ordinary Shares of the Company to be admitted to trading on AIM. It is expected that Admission will become effective and that dealings will commence on 18 June 2007. The Registrar will be responsible for the maintenance of the register of Shareholders.

CREST is a paperless settlement procedure enabling securities to be evidenced otherwise than by a certificate and transferred otherwise than by written instrument. Upon Admission, the Articles will permit the holding of Shares under the CREST system. The Company has applied for the Ordinary Shares to be admitted to CREST with effect from Admission. Accordingly, settlement of transactions in the Ordinary Shares following Admission may take place within the CREST system if any Shareholder so wishes. CREST is a voluntary system and holders of Ordinary Shares who wish to receive and retain share certificates will be able to do so. An investor applying for Ordinary Shares under the Placing may, however, elect to receive Ordinary Shares in uncertificated form if such investor is a system-member (as defined in the CREST Regulations) in relation to CREST.

## **6. FURTHER ISSUES OF ORDINARY SHARES**

The Directors will have authority to allot Ordinary Shares following Admission on a non-pre-emptive basis. Such authority shall only be exercised at an allotment price per Ordinary Share of not less than the prevailing Net Asset Value per Share unless Shareholders consent to a lower allotment price by special resolution of the Company. There is otherwise no limit on the number of Ordinary Shares that the Directors may allot.

## **7. CORPORATE GOVERNANCE**

There is no applicable regime of corporate governance to which directors of a Guernsey company must adhere over and above the general fiduciary duties and duties of care, diligence and skill imposed on such directors under Guernsey law. The Directors, however, recognise the importance of good corporate governance and will comply with the Combined Code to the extent practicable and commensurate with the size and operations of the Company. The Company has adopted the Model Code on dealings of directors and employees in securities as set out in Annex I of the Listing Rules of the UKLA for the Directors with effect from Admission and will take steps to ensure compliance by the Directors with the terms of this code.

The Directors have established an audit committee with formally delegated rules and responsibilities. The audit committee will meet at least twice each year. On Admission the audit committee will be comprised of Mr. Alok Verma and Mr. Peter Radford, and will be chaired by Mr. Alok Verma. The audit committee will, *inter alia*, determine and examine matters relating to the financial affairs of the Company including the terms of engagement of the Company's auditors and, in consultation with the auditors, the scope of the audit. It will receive and review reports from management and the Company's auditors relating to the half yearly and annual accounts and the accounting and the internal control systems in use throughout the Group.

Since all of the Directors are non-executive, the Company does not consider it necessary to establish remuneration and nomination committees. The Board as a whole will monitor performance and remuneration and plan for succession of the Board, either through board meetings or, if appropriate, through the use of an appropriately constituted committee.

## **8. ANTI-MONEY LAUNDERING PROCEDURES**

In order to ensure compliance with The Criminal Justice (Proceeds of Crime) (Bailiwick of Guernsey) Law 1999 as amended, the Company or the Administrator may each at their absolute discretion, require verification of identity of prospective Shareholders and may request from them identification on:

- (a) the owner(s) and/or controller(s) (the "payor") of any bank account not in the name of the applicant(s) on which is drawn a payment by way of banker's draft or cheque or money order made by way of telegraphic transfer or similar electronic means; or
- (b) where it appears to the Company or the Administrator that an applicant or the payor is acting on behalf of some other person or persons, such person or persons.

Failure to provide the necessary evidence of identity may result in a Shareholder's application for Ordinary Shares being rejected or delays in the dispatch of documents.

## PART IV

### RISK FACTORS

An investment in Ordinary Shares involves a high degree of risk. Accordingly, prospective investors should carefully consider the specific risk factors set out below in addition to the other information contained in this document before investing in Ordinary Shares. The Directors consider the following risks and other factors to be most significant for potential investors in the Company, although the risks set out below do not necessarily represent all those risks associated with an investment in the Company, and are not set out in any particular order of priority. There may be additional risks and uncertainties of which the Directors are unaware which may have an adverse effect on the business of the Group or the Ordinary Shares. If any of the following risks actually occur, the Group's business, financial condition, capital resources, results or future operations could be materially adversely affected. In such a case, the price of Ordinary Shares could decline and investors may lose all or part of the value of their investment.

#### RISKS RELATING TO THE COMPANY'S BUSINESS AND STRUCTURE

##### **Lack of operating history**

The Company and the other entities in the Group are recently incorporated and have no significant operating histories. As such, the Group has no operating history upon which to evaluate the Company's likely performance.

##### **Dependence on Investment Manager**

The Company's ability to provide returns to Shareholders and achieve its investment objective is substantially dependent on the performance of the Investment Manager in the identification, production and distribution of Film Projects and on its ability to retain the current members of the Investment Manager. The Board will monitor the performance of the Investment Manager but the Investment Manager's effective performance cannot be guaranteed. Failure by the Investment Manager to identify and successfully oversee the production and distribution of Film Projects and the loss of a member of the Investment Manager could have a material adverse effect on the Group's financial results. In addition, the Group has no employees and no separate facilities and is reliant on the Investment Manager, which has significant discretion as to the implementation of the Company's operating policies and strategies. The Group is subject to the risk that, if the Investment Manager were to terminate the Investment Management Agreement, no suitable replacement could be found or would exist.

##### **Litigation**

There are outstanding legal proceedings against certain companies within the Investment Manager's group and Mr. Raghav Bahl. These proceedings are pending at different levels of adjudication before various courts, tribunals, enquiry officers and appellate tribunals. The consolidated amounts involved in the outstanding litigation, including direct tax liabilities where quantifiable, are estimated at Rupees 1,080.20 lakhs. In addition, with respect to specific litigation filed by certain minority shareholders of e-Eighteen.com Private Limited against certain companies within the Investment Manager's group, Mr. Raghav Bahl and others, the concerned minority shareholders have claimed compensation of Rupees 311,406 lakhs. If any of these legal proceedings are determined against the aforementioned parties, it could have a material adverse impact on the companies within the Investment Manager's group and potentially on the Company.

##### **Conflicts of interest**

The Investment Manager may be subject to conflicts of interests, including in relation to the allocation of investment opportunities. Please refer to section 5 of Part I of this document for further details on potential conflicts of interests, and how they will be managed.

##### **Competition**

An increasing number of private equity and direct investment funds have become active in seeking investment opportunities with a focus on Indian media. The Group may face significant competition from domestic investors, other foreign investment funds and strategic investors. Many competitors have greater financial resources than the Group and a greater ability to source or access Film Projects. Competition for attractive investment opportunities may lead to less favourable terms being available to the Group which may affect the Group's ability to invest on terms which the Investment Manager considers attractive. Such conditions may have a material adverse impact on the Group's ability to secure attractive investment opportunities and consequently may have an adverse effect on the Company's Net Asset Value and the market price of the Ordinary Shares.

### **Availability of profits for distribution**

Although the Company may provide for a dividend, there is no guarantee the distributable profits of the Company will be sufficient to allow the payment of dividends. Any changes under Guernsey law to the basis on which Guernsey companies may pay dividends could have an adverse effect on the Company's ability to pay dividends.

### **The Company's name may be subject to legal challenges**

The Company's name has not been registered as a trade or service mark. The use or registration of the Company's name may be vulnerable to challenge in the event that a third party has relevant prior rights in respect of that name and the Company may be liable to pay damages in such circumstances.

### **Shareholders may not be entitled to the takeover offer protections provided by the City Code on Takeovers and Mergers**

The City Code applies, *inter alia*, to offers for all public companies considered by the Panel on Takeovers and Mergers to be resident in the United Kingdom, the Channel Islands (which includes Guernsey) or the Isle of Man. However, the Panel on Takeovers and Mergers will normally consider a company resident in the United Kingdom, the Channel Islands or the Isle of Man only if it is incorporated in one of those jurisdictions and has its place of central management in one of those jurisdictions. Whilst the Company believes that its place of central management will be in Guernsey, the Panel on Takeovers and Mergers may not regard the Company as having its place of central management in the United Kingdom, the Channel Islands or the Isle of Man, in which case the Panel on Takeovers and Mergers may decline to apply the City Code to the Company with the result that Shareholders may not receive the benefit of the takeover offer protections provided by the City Code.

### **No formal corporate governance code will apply to the Company**

There is no formal corporate governance code in Guernsey with which the Company must comply. Neither the Listing Rules of the FSA nor the Principles of Good Governance and Code of Best Practice will apply to the Company. The holders of Ordinary Shares will not enjoy any protections or rights other than those reflected in the Articles and those rights conferred by law. The Company has adopted a securities dealing code as further described in Part III of this document.

### **Changes in laws or regulations, or a failure to comply with any laws and regulations, may adversely affect the Company's business, investments and results of operations**

The Company and its subsidiaries are subject to laws and regulations enacted by national, regional and local governments. In particular, the Company may be required to comply with certain licensing and regulatory requirements that are applicable to a Guernsey investment fund. Additional laws may apply to the securities in which the Company makes investments. Compliance with, and the monitoring of, applicable laws and regulations may be difficult, time consuming and costly. Those laws and regulations and their interpretation and application may also change from time to time, and those changes could have a material adverse effect on the Company's business, investments and results of operations. In addition, a failure to comply with applicable laws or regulations, as interpreted and applied by the Company or by any of the persons connected to the Company and/or its subsidiaries and affiliates, could have a material adverse effect on the Company's business, investments and results of operations.

### **Regulation in the UK**

The Group is not subject to regulation in the United Kingdom, other than (after Admission) under the AIM Rules, which are less demanding than those of the Official List. It is possible that changes may occur in the regulatory environment in which the Group operates, and any such changes may impact on the Group's ability to continue to conduct the activities as detailed in this document. Investors should also note that the AIM Rules may be varied in the future, such that AIM is no longer an appropriate market on which to list the Ordinary Shares. Although it is hoped that any such revisions to the AIM Rules or the regulatory environment in which the Group operates will not prejudice the Group, there can be no assurance that this will be the case.

### **Maintenance of non-UK tax resident status**

In order to maintain their non-UK tax resident status, the Company, The Indian Film Company (Cyprus) Limited and the Company's proposed Indian subsidiary are required to be controlled and managed outside the United Kingdom. The composition of the Company's, The Indian Film Company (Cyprus) Limited and the proposed Indian subsidiary boards of directors, the place of residence of the individual members of

their boards of directors, and the location(s) in which their boards of directors make decisions could be important in determining and maintaining the non-UK tax residence status of the Company, The Indian Film Company (Cyprus) Limited and the proposed Indian subsidiary. While the Company is incorporated in Guernsey, The Indian Film Company (Cyprus) Limited is incorporated in Cyprus and the proposed Indian subsidiary will be incorporated in India, and in each case a majority of the directors live outside the United Kingdom, continued attention must be addressed to ensure that major decisions are not made in the United Kingdom so as to avoid the Company, The Indian Film Company (Cyprus) Limited or the proposed Indian subsidiary losing their non-UK tax resident status. As such, management errors could potentially lead to the Company, The Indian Film Company (Cyprus) Limited or the proposed Indian subsidiary being considered UK tax resident, which would be likely to negatively affect the Company's financial and operating results.

#### **Payments relating to the Group's Film Projects may be subject to taxation or withholding tax**

Payments made to the Group in respect of the various income streams of the Group such as domestic and overseas box office revenues, satellite or music rights, may be subject to local tax or withholding in certain circumstances and in certain jurisdictions. Although the Group and the Investment Manager intend to structure the Group's investments so that they are made and held in a tax efficient manner, the Group may not be able to avoid withholding or local taxation in respect of all forms of income.

#### **Change in taxation laws and double taxation treaty**

Statements in this document concerning taxation are based upon current tax law and practice. Any change in the Company's tax status, The Indian Film Company (Cyprus) Limited's tax status, the double taxation treaty between India and Cyprus (the "Treaty") or in taxation law or practice in the United Kingdom, Mauritius, India or elsewhere could affect the value of the Company's investments and the Company's ability to achieve its investment objective, or alter the post-tax returns to Shareholders. In particular, The Indian Film Company (Cyprus) Limited relies upon the provisions of the Treaty to minimise, so far as possible, the taxation of The Indian Film Company (Cyprus) Limited. No assurance can be given that the terms of the Treaty will not be subject to a renegotiation in the future or that the Treaty will be in full force and effect during the life of the Company. Tax laws and practice are subject to changes that could adversely affect the ability of the Company to meet its investment objective. Prospective investors are urged to consult their tax advisers with respect to their particular tax situations and the tax effects of an investment in the Company.

### **INVESTMENT RISKS**

#### **Exchange rate risks**

It is likely that the Group's portfolio will comprise predominantly Rupee denominated investments but some investments may be denominated in other currencies. It is expected that all monies returned to the Shareholders and the reported interim and annual financial information will be denominated in Pounds Sterling. Changes in the value of the Rupee or of other currencies against the value of Pounds Sterling could have an adverse impact on the performance of the Group. The Group may enter into currency hedging transactions, but is not required or expected to do so, and such transactions have an associated cost that could depress investment returns. The Rupee is not freely convertible and approval may be required from Indian governmental authorities for currency exchanges, potentially hampering the Group's ability to remit funds from India.

#### **Political and country risks**

The value of the Group's investments in or relating to India may be affected by changes in foreign exchange rates and controls, interest rates or government policy, as well as social and civil unrest and other political, economic and other developments in or affecting India or the region. Future political and economic conditions in India may result in its government adopting different policies with respect to foreign investment. Any such changes in policy may affect ownership of assets, taxation, rates of exchange, environmental protection, labour relations, repatriation of income and return of capital, with potentially adverse effects on the Group's investments in Film Projects. Future actions of the Indian central government or the respective Indian state governments could have a significant effect on the Indian economy, which could adversely affect private sector companies, market conditions and prices and yields of the Group's investments. The Group does not intend to obtain political risk insurance. In recent years India has witnessed various terrorist attacks, civil unrest and other acts of violence or war, and it is possible that in the future such events as well as other adverse social, economic or political events in India may adversely affect the value and prospects of the Group's investments.

## **GENERAL RISKS**

### **Fulfilment of investment objective**

There can be no guarantee and the Company does not represent or warrant that the investment objective of the Company will be met, or that investors will receive back any or all of their investment in the Company.

### **Borrowings**

The Group may be permitted to use debt at the investment level where appropriate and may borrow, for investment or short-term funding purposes, amounts of up to 50 per cent. of Net Asset Value calculated at the time of borrowing. The Group may also utilise an overdraft and other short-term borrowing facilities to provide short-term working capital needs, including to meet any expenses or fees payable by the Group. Although such facilities may increase investment returns, they also create greater potential for loss. There is the risk that existing borrowings will not be able to be refinanced or that the terms of such refinancing will not be as favourable as the terms of existing borrowings. A number of factors (including changes in interest rates, conditions in the banking market and general economic conditions which are beyond the Company's control) may make it difficult for the Group to obtain new finance on attractive terms or at all.

### **Changes in laws or regulations**

Legal and regulatory changes may occur that could adversely affect the returns to the Company and the ability of the Company to successfully pursue its investment strategy, and/or efficiently repatriate any gains, including changes to applicable tax legislation and foreign exchange regulations.

### **General risks of investing in India**

Investments in India are subject to the usual risks inherent in the ownership of any company operating a business. These include risks associated with general economic climate, inflation, interest rates, equity and property market trends and their impact on consumer sentiment, competition, supply chain issues, shortages in human resources, various uninsured or uninsurable risks, natural disasters, government regulations and changes in taxation. Any slowdown in the Indian economy could adversely affect the per capita income of India and subsequently the amount spent on leisure and entertainment activities. This may reduce the revenue generated by Film Projects and may result in the Group not being able to cover the cost of production. The materialisation of any one or a combination of the aforementioned risks could have a materially adverse effect on the Company's financial results.

### **General risks of the Indian film industry**

There are a number of uncertainties inherent in the film industry, such as, but not limited to, the acceptability of films by audiences, censorship, low box office earnings, or banning on exhibition of films due to perceived political, cultural and religious sensitivities. The Group may not be in a position to adequately provide for these exigencies, which could have a material impact on the results of the Group's operations.

### **Distribution risk**

Effective distribution is key to achieving maximum revenue generation from Film Projects. The Group's ability to provide returns to Shareholders will depend in part on its ability to devise an appropriate distribution strategy and enter into contracts with domestic and international distributors of repute who are able to distribute films effectively and maximise revenue from distribution.

### **Production risk**

The production of a full-length feature film typically involves activities starting from concept, story, commencement of preparatory pre-production work, the completion of the film, and its marketing and promotion to its ultimate theatrical release. The costs of production are generally payments made on a contractual basis to various personnel and companies responsible for providing their services during the production period, as well as fixed costs such as insurance and other related overheads. The Group's involvement in production could lead to losses if Film Projects are commenced but not finished and no completion bond is in place to cover the expended production cost.

### **Revenue streams**

The various revenue streams from the production of a film are realisable at varying points of time. While the realisation of certain revenues such as revenues from product placement, sale of music rights and distribution revenues for theatrical release are closely related to the theatrical release of a film, additional

revenue streams from a film such as revenues from cable and satellite rights, revenues from DVD, home video and internet rights, are likely to be dispersed over a period of time. If the revenues related to the theatrical release of a film are lower than expected, the Group may not be able to cover the cost of the production of a Film Project in the short term. If a Film Project is not successful at theatrical release, this may reduce the additional revenues and the Group may not be able to cover the total production cost of the Film Project.

#### **Producer and Co-Producer risks**

The Company is expected to co-invest on projects with other Co-Producers. Such projects will rely on the Co-Producers performing their duties and obligations, not only in terms of timely investment but also in terms of their performance obligations. Any such non-performance may result in time and cost over-run of Film Projects and reduce the value of the Group's investment.

#### **Piracy and counterfeit goods**

Piracy of media products, including digital and internet piracy and sale of counterfeit consumer products, may decrease revenue received from the exploitation of the Group's media products. Content piracy is extensive in many parts of the world and is made easier by technological advances and the conversion of product into digital formats, which facilitates the creation, transmission and sharing of high quality unauthorised copies of media products, on videotapes and DVDs, from pay-per-view through to set top boxes and other devices and through unlicensed broadcasts on free TV and the internet. The proliferation of unauthorised copies and piracy of these products has an adverse effect on the Group's business because these products reduce the revenue it receives from its legitimate products. Even when preventative measures and technologies are applied, there can be no assurance that the highest levels of security and anti-piracy measures will prevent piracy.

#### **Lack of institutional financing**

The film industry is still to an extent disorganised, and lacks organised institutional financing in comparison with developed industries such as manufacturing and FMCG. To the Investment Manager's knowledge, there are currently only two banks in India which offer structured project financing to film production. There is currently no structured financing for print and publicity expenses in India.

#### **Potential litigation costs**

The Group may be required to litigate in the future to, *inter alia*, enforce its intellectual property rights, to determine the validity and scope of the proprietary rights of others, or to defend against claims of infringement or invalidity. Any such litigation could result in substantial costs and diversion of resources and could have a material adverse effect on the business, financial condition or results of operations of the Company.

### **RISKS RELATING TO THE ORDINARY SHARES**

#### **Trading on AIM**

An investment in shares traded on AIM is generally perceived to involve a higher degree of risk and be less liquid than an investment in shares listed on the Official List. AIM has been in existence since June 1995 but its future success and liquidity in the market for the Company's securities cannot be guaranteed. Consequently, it may be more difficult for an investor to sell his or her Ordinary Shares than it would be if the Ordinary Shares were listed on the Official List, and he or she may receive less than the amount paid. It is also possible that an active trading market may not develop and continue upon completion of the Placing. Even if an active trading market develops, the market price of Ordinary Shares may fall below the Placing Price. If an active trading market is not developed or maintained, the liquidity and trading price of the Ordinary Shares could be adversely affected.

#### **Share pricing risks**

The market price of Ordinary Shares may not reflect the underlying value of the Company's net assets. The price at which the Ordinary Shares are quoted and the price which investors may realise for their Ordinary Shares could be influenced by a large number of factors, some specific to the Group and its operations and some which may affect the quoted investment sector or investment or quoted companies generally and which are outside the Group's control. These factors could include the performance of the Group, large purchases or sales of the Ordinary Shares, legislative changes, general economic, political or regulatory conditions, or changes in market sentiment towards the Ordinary Shares. Any of these events could result in a material decline in the market price of the Ordinary Shares.

**Forward-looking statements**

This document contains certain forward-looking statements with respect to the financial condition, results of operations and business of the Group and certain plans and objectives of the Group with respect thereto. By their nature, forward-looking statements involve risk and uncertainty, because they relate to events and depend on circumstances that could occur in the future and the factors described in the context of such forward-looking statements in this document could cause actual results and developments to differ materially from those expressed in or implied by such forward-looking statements. Although the Group believe that the expectations reflected in such forward-looking statements are reasonable, the Group can give no assurance that such expectations should prove to have been correct.

**Future issues of Ordinary Shares could dilute the interest of existing Shareholders and lower the price of the Ordinary Shares**

The Company may, subject to its Articles and applicable law, issue additional Ordinary Shares without limitation and is not required under Guernsey law or the AIM Rules to offer any such Ordinary Shares to existing Shareholders on a pre-emptive basis. As such, it may not be possible for existing Shareholders to participate in any future issue of Ordinary Shares, which could dilute the existing Shareholders' interests in the Company. The issue of additional Ordinary Shares, or the possibility of such an issue, may cause the market price of the Ordinary Shares to decline.

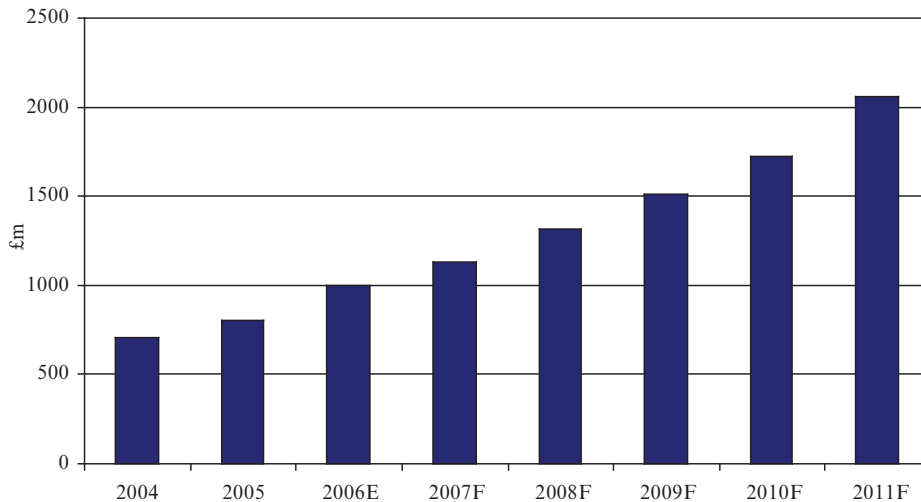
**Prospective investors should consider carefully whether an investment in the Company is suitable for them, in light of the risk factors outlined above, their personal circumstances and the financial resources available to them.**

## PART V

### AN OVERVIEW OF THE INDIAN FILM INDUSTRY

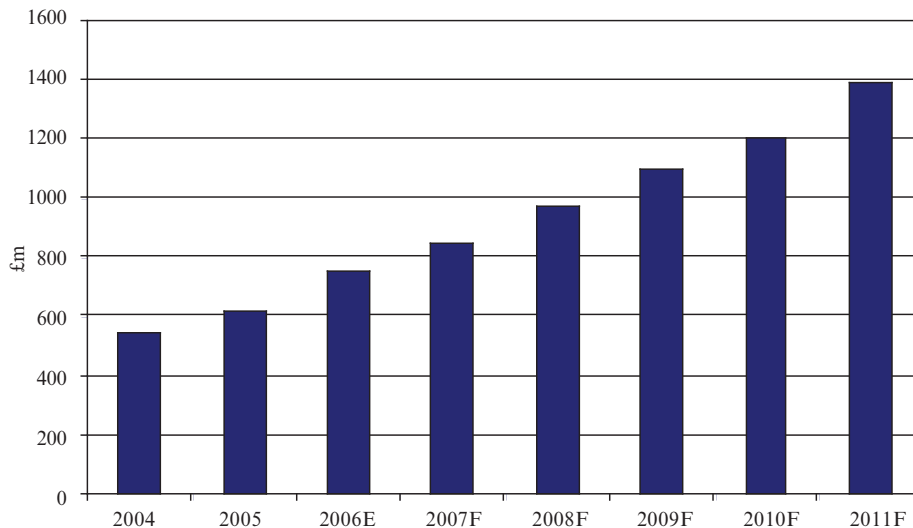
There is currently significant international interest in the Indian entertainment industry and the combination of creativity and commercial opportunity it provides. Private equity investment is increasing and a number of media companies are raising money through capital markets. The Indian entertainment industry continues to grow at a faster pace than the Indian economy and the film entertainment sub-sector, which generated revenues of approximately £1.02 billion in 2006, is growing faster still. It is expected that by 2011 the film industry should generate revenues of approximately £2.1 billion, representing a compound annual growth rate of 16 per cent.

**Projected growth: Indian film industry**



Source: Industry estimates and PwC analysis

**Projected growth: Indian box office**



Source: Industry estimates and PwC analysis

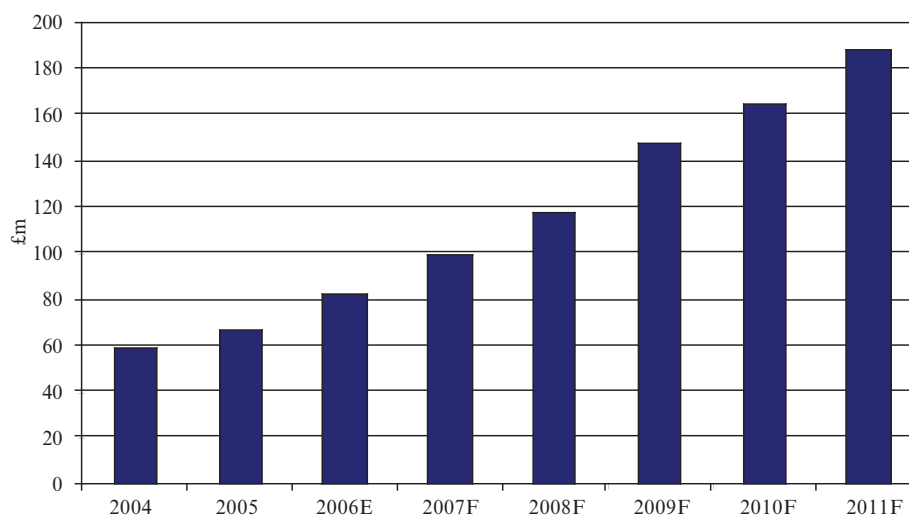
Films are an affordable and popular mass medium and the Indian film industry releases more movies than any other country in the world; in 2006, 1,090 films were produced in 30 languages and over 400 million cinema tickets are currently sold in India every year. While the majority of films are in south Indian languages, Hindi language films, also known as Bollywood films, currently take the largest box office share and therefore have a considerable influence on the film industry. Although content continues to be critical to the success of a film, the Directors believe that a film's success or failure may depend increasingly on both the efficient management of content and talent and on organised and streamlined operations and product marketing. The Directors believe that the key growth drivers include the following:

- **Increasing per capita income.** 180 million people are expected to move into the consumer and rich classes over the next five years. The Indian middle class is increasing in both size and purchasing power and in 2006 wages rose by 13.4 per cent. The Indian entertainment industry is expected to significantly benefit from this fast economic growth. In general, when income rises, proportionately more resources are spent on leisure and entertainment than on necessities. 65 per cent. of the population is under 35 years of age and the younger generation in India go to the cinema an average of three times more a year than the older generation. The Investment Manager believes that the increase in the disposable income of the Indian public over recent years may generate a significant increase in the demand for film entertainment, mobile phones, televisions, music systems and other similar goods.
- **Corporatisation and increasing access to finance.** The Indian film industry has traditionally been very fragmented with no single producer, financier, distributor or exhibitor commanding a dominant presence over the entire value chain. In 2000, the Indian government accorded 'industry' status to India film, allowing organised and transparent financing and thus promoting corporatisation. The transparency of financing and increased corporatisation has reduced interest rates and made films more commercially viable. Industry sources indicated that more than half of releases in 2006 were produced by corporates rather than individuals. An increased number of media companies are entering into the film production and distribution markets and are doing so by raising money by debt and through capital markets. In addition, in the last two years, private equity has become an important source of funding, able to enter the market following a liberalisation of the foreign direct investment environment and encouraged to do so by a general reduction in entertainment tax rates. The Investment Manager believes that international investment and large conglomerates following recognised corporate governance best practices have increased transparency and organisation within the Indian media industry.

Corporatisation has also changed the way in which the industry is organised on an operational level. Both vertical integration and diversification of content producers, distributors, exhibitors, broadcasters and music companies have been key features of recent years resulting in more Indian media companies mirroring the structure of Western broadcasting conglomerates and film studios.

- **Expansion of audience.** The overseas market for Indian films, primarily based around the Indian Diaspora of over 10 million households, has grown substantially in the last few years and this is expected to grow at a compound annual growth rate of 18 per cent. by 2011 as more Indian films are distributed and released in mainstream international theatres. The Indian government is considering co-production treaties with other countries such as Germany, UK, China and Italy, so as to further widen the worldwide distribution network of Indian films. Crossover films which have an inherent Indian theme or connection and primarily Indian characters, have recently shown increasing Indian and world wide success. Movies such as 'Bend it like Beckham' and 'Monsoon Wedding' have earned huge returns from mainstream releases in the UK and US. Collection from the UK and US markets doubled between 2002 and 2006 to £13.2 million and £12 million respectively. Hollywood is seeking to co-produce films in India with Sony Pictures having recently announced their first Indian collaboration.

**Projected Growth: Overseas Market for Indian Films**

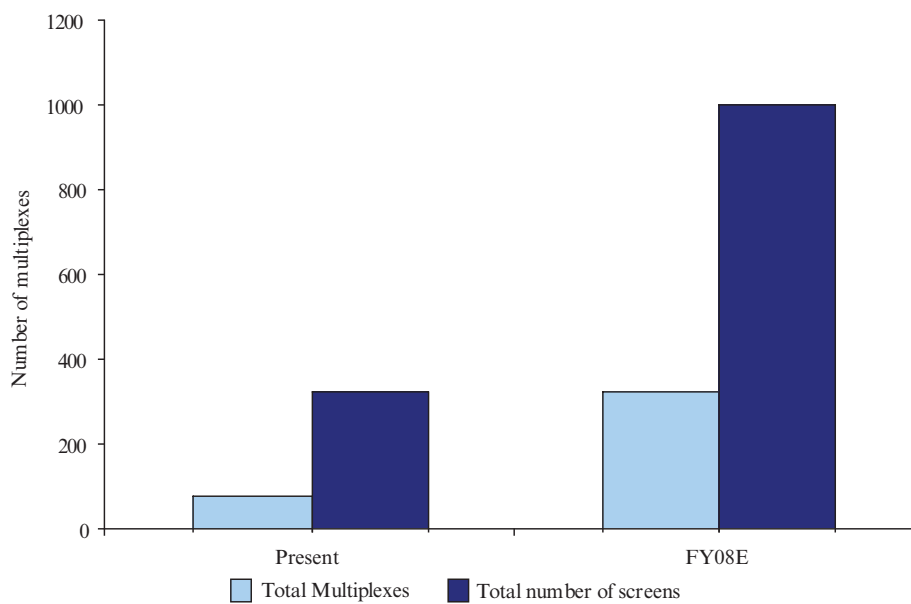


Source: Industry estimates and PwC analysis

In addition, there is also a growing market for foreign films in India with gross box office collections increasing by approximately 39 per cent. in 2006. Similarly, the appeal of films produced in the southern and eastern regions of India in their respective local languages is widening, as they are increasingly being dubbed or sub-titled into Hindi and English. Indeed, the dubbing industry has grown at 25 to 30 per cent. over the last five years and almost 75 per cent. of the total industry revenues is contributed by international content released in local languages.

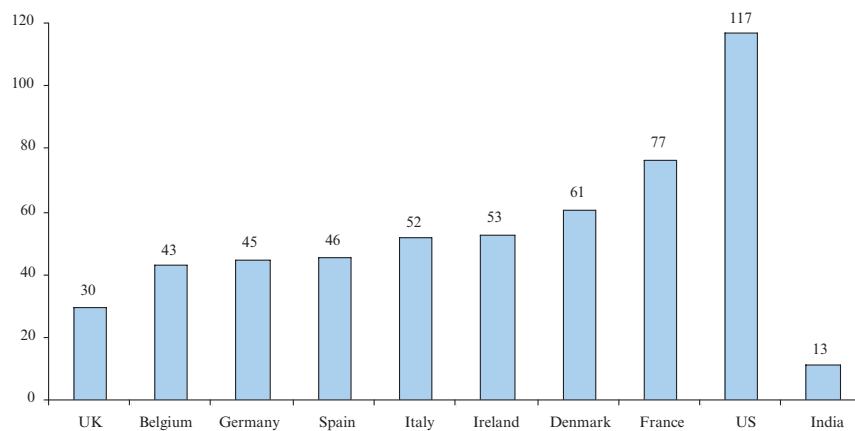
- Growth of retail industry.** The Indian retail industry is expected to grow at a compound annual growth rate of approximately 47 per cent. over the next three years. Such retail growth has resulted in increased development of Western style “mega malls” often containing multiplex cinemas. There are currently 12,000 single screen cinemas in India and 193 multiplex cinemas. It is expected that there will be in excess of 900 multiplex cinemas, averaging four screens per cinema, by 2011. Multiplex cinemas offering an improved film-watching experience have attracted audiences away from traditional one-screen cinemas and resulted in both increased audience sizes and increased ticket prices. Multiplexes can also offer significant economic advantages over similar size single screen theatres as they may be entitled to further entertainment tax exemptions in some states.

**Massive increase in multiplexes**



Source: CII-KPMG Report 2005

**Screens per million population**



Source: UNESCO Report 2001 as quoted in CII-KPMG Report 2005

The companies listed in the table above are looking to set up multiplexes not only in “tier one” cities, defined as but also in “tier two” and “tier three” cities in India.

- Advances in technology.** The Indian film industry currently realises approximately 75 per cent. of its revenues from box office collections. Whilst it is expected that it may continue to be higher in

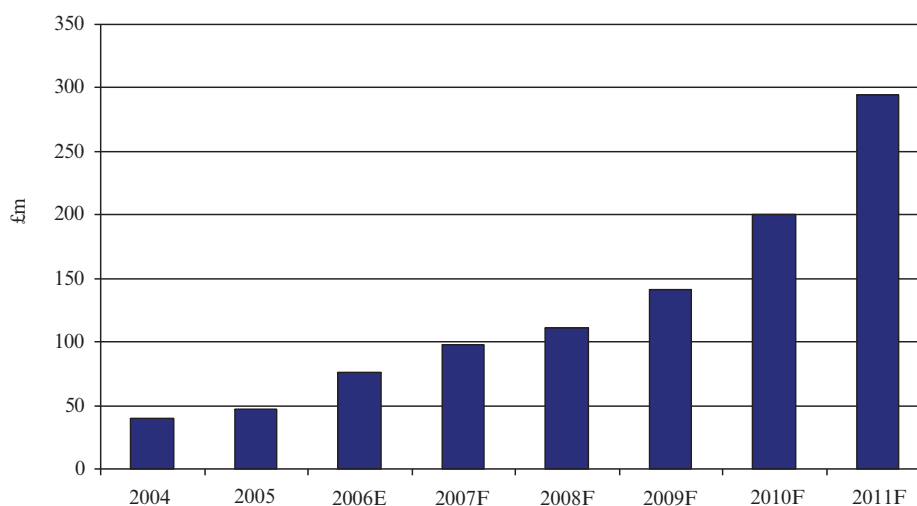
comparison to developed countries due to the socio-economic distribution of the Indian population, this share has been declining steadily and the Investment Manager believes that, due to an increased importance being accorded to newer revenue streams, the impact of domestic theatre attendance is likely to shrink further.

Company	Multiplexes	Current		Projected screens in the next 5 years	CAGR (%)
		Screens	Seats		
PVR	17	67	16,578	208	25
Inox	11	41	12,299	165	32
Cinemax	9	29	8,260	141	37
Shringar	7	30	9,051	168	41
Adlabs	7	26	9,146	225	54
<b>Total</b>	<b>51</b>	<b>193</b>	<b>55,334</b>	<b>907</b>	<b>36</b>

Source PwC Research, Industry Estimates

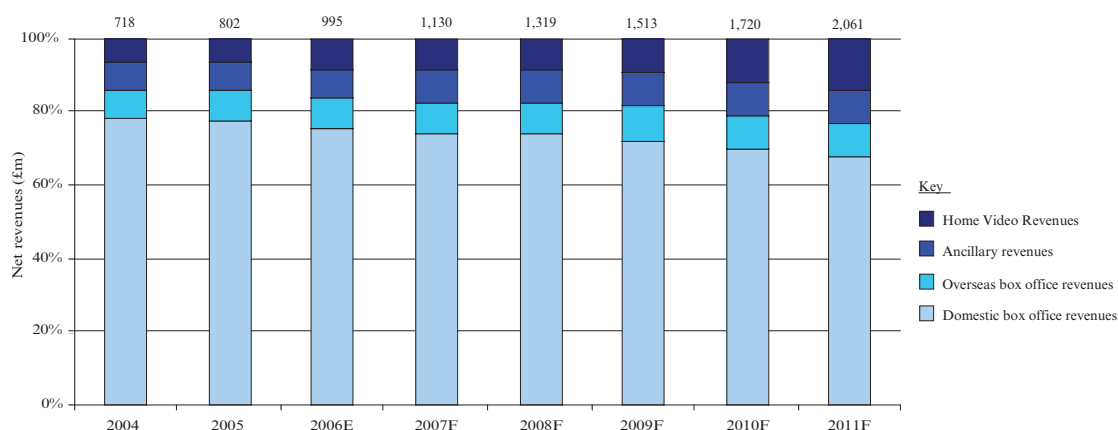
Secondary revenues are estimated to increase by 20 per cent. a year through the sale of ancillary rights to mobile phone companies, television broadcasters and other distributors. Between 2005 and 2006 India's mobile telephone subscribers increased from 52 million to 123 million. The home video market is also demonstrating substantial growth, increasing by 63 per cent. from 2005. It is expected to grow at a compound annual growth rate of 31 per cent. to 2011, by which time it is expected to generate 14 per cent. of film revenues in 2011, in comparison to 6 per cent. in 2005. This growth is encouraged by wider ownership of home theatre surround sound systems which is itself precipitated by the increase in middle and high income urban households. In addition, the increasing penetration of cable and satellite, encouraged by developments such as "Conditional Access System", "Direct To Home" and "Broadband", has enabled more effective collection and monitoring of subscription revenues. The Investment Manager believes that the revenue potential from the home entertainment segment is therefore likely to further grow in the years to come.

#### Projected Growth: Home Video



Source: Industry estimates and PwC analysis

### New Revenue Streams: Less dependence on Box Office Revenues (Hindi Films)



Source: Industry estimates and PwC analysis

- Digital cinema.** Digital cinemas providing a high definition cinematic experience using computer, telecom and satellite technology are set to improve the cinema-going experience, are expected to change the face of film industry in the same way that digital cameras have revolutionised the photographic industry and MP3 players have transformed the music industry. With 700 digital cinemas, India has the highest number worldwide and this is expected to further increase to 2000 by 2008.

Digital cinema can improve revenue collection in a number of ways. Improved film quality and reduced print deterioration increases occupancy and ticket price. Occupancy in some large-seating single screens is reported to have increased by almost 50 per cent. since digitalisation. The cost of producing a digital film is estimated to be approximately a quarter of traditional celluloid prints and is also quicker. This enables more prints to be made, and therefore distributed more widely and earlier in the film's release schedule. This in turn can reduce piracy which continues to be a major drain on the industry.

- Increased marketing spend.** Indian advertising spends across all sectors has historically been below norms in both the developed and developing worlds. In the Investment Manager's opinion, in-film advertising, through which the brand is integrated into the storyline, has now developed into an established revenue stream. The Investment Manager also expects in-cinema advertising to grow. Advertising in film theatres is potentially more valuable to advertisers as it guarantees a captive audience, unlike television which has the capacity to show more commercials but does not ensure such a focused audience. The Investment Manager believes that this provides significant potential for growth as Western marketing strategies are developed to create greater interest in the opening of a film and to increase shelf life.

## PART VI

### FINANCIAL INFORMATION

#### (A) – Accountants’ Report on the Historical Financial Information of The Indian Film Company Limited

Grant Thornton 

The Directors  
The Indian Film Company Limited  
2nd Floor  
No. 1 Le Truchot  
St Peter Port  
Guernsey GY1 3JX

6 June 2007

Dear Sirs

#### THE INDIAN FILM COMPANY LIMITED (THE “COMPANY”) AND ITS SUBSIDIARY UNDERTAKING (TOGETHER “THE GROUP”)

##### INTRODUCTION

We report on the unaudited historical financial information set out in paragraphs 1 to 4 of Section B of Part VI of this AIM admission document dated 6 June 2007 of The Indian Film Company Limited (the “Admission Document”). This financial information has been prepared for inclusion in the Admission Document, on the basis set out in paragraph 2 of Section B of Part VI.

##### RESPONSIBILITIES

This report is required by paragraph (a) of Schedule Two of the AIM Rules for Companies and is given for the purpose of complying with that regulation and for no other purpose.

Save for any responsibility arising under paragraph (a) of Schedule Two of the AIM Rules for Companies to any person as and to the extent provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any responsibility to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with paragraph (a) of Schedule Two of the AIM Rules for Companies consenting to its inclusion in the Admission Document.

The Directors of the Company are responsible for preparing the financial information on the basis of preparation set out in paragraph 2 of Section B to the financial information and in accordance with International Financial Reporting Standards (“IFRS”).

It is our responsibility to form an opinion on the financial information as to whether the financial information gives a true and fair view, for the purposes of the Admission Document, and to report our opinion to you.

##### BASIS OF OPINION

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement, whether caused by fraud or other irregularity or error.

**OPINION**

In our opinion, the financial information set out in paragraphs 1 to 4 of Section B gives, for the purposes of the Admission Document, a true and fair view of the state of affairs of the Company as at the dates stated in accordance with the basis of preparation set out in the notes to the financial information and in accordance with IFRS. It does not comprise a full set of financial statements.

**DECLARATION**

For the purposes of Paragraph (a) of Schedule Two of the AIM Rules for Companies we are responsible for this report as part of the Admission Document and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration may be included in the Admission Document in compliance with Schedule Two of the AIM Rules for Companies.

Yours faithfully

GRANT THORNTON UK LLP

**(B) – Unaudited Historical Financial Information on The Indian Film Company Limited  
 (“the Company”)**

**1. INTRODUCTION**

The historical financial information on the Company, which has been prepared solely for the purpose of this Admission Document (the “Admission Document”), contained herein does not constitute statutory financial statements and has not been audited.

**2. BASIS OF PREPARATION**

The financial information set out below is based on the transactions of the Company from incorporation on 4 April 2007 to 30 April 2007. This information has been prepared under the historical cost convention and in accordance with IFRS.

**3. RESPONSIBILITY**

The Directors of the Company are responsible for the financial information and the contents of the Admission Document in which it is included.

**4. FINANCIAL INFORMATION**

The Company was incorporated in Guernsey on 4 April 2007 as The Indian Film Company Limited. The Company has not yet completed its first accounting period and has not traded from the date of its incorporation until 30 April 2007, hence no profit and loss account has been prepared. No financial statements have been prepared, audited or filed since incorporation.

As at 30 April 2007, the Company has carried out no trading and the only transactions of the Company have been as follows:

- on incorporation two ordinary shares of no par value were subscribed, by the subscribers to the Memorandum of Association; and
- on 4 April 2007, the Company acquired the total share capital of 1,000 ordinary shares of CY£1 each in The Indian Film Company (Cyprus) Limited.

## PART VII

### TAXATION

**The information below, which relates only to Guernsey and the United Kingdom, is applicable to the Company and to persons who are resident, ordinarily resident or carrying on a trade in those jurisdictions (except where indicated) and who hold Ordinary Shares as investments. The information is based on existing law and practice and is subject to change. If you are in doubt as to your tax position or require more detailed information than the general outline below, you should consult your own professional adviser without delay.**

#### **GUERNSEY**

##### **The Company**

Guernsey currently does not levy taxes upon capital inheritances, capital gains (with the exception of a dwellings profit tax) gifts, sales or turnover, nor are there any estate duties, save for an *ad valorem* fee for the grant of probate or letters of administration.

The Company has applied for and has been granted exempt status for Guernsey tax purposes.

In return for the payment of a fee, currently £600, a company is able to apply annually for exempt status for Guernsey tax purposes. A company that has exempt status for Guernsey tax purposes is exempt from tax in Guernsey on both bank deposit interest and any income that does not have its source in Guernsey.

Payments of dividends and interest by a company that has exempt status for Guernsey tax purposes are regarded as having their source outside Guernsey and hence are payable without deduction of tax in Guernsey.

In response to the review carried out by the European Union Code of Conduct Group, the Policy Council of the States of Guernsey has announced that the States of Guernsey intends to abolish exempt status for the majority of companies with effect from January 2008 and to introduce a zero rate of tax for companies carrying all but a few specified types of regulated business. However the States of Guernsey Administrator of Income Tax has advised that because collective investment schemes, including closed ended investment vehicles, were not one of the regimes in Guernsey that were classified by the EU Code of Conduct Group as being harmful, it is intended that collective investment schemes and closed ended investment vehicles will continue to be able to apply for exempt status for Guernsey tax purposes after 31 December 2007.

These proposals have yet to be enacted.

The Policy Council of the States of Guernsey has stated that it may consider further revenue raising measures in 2011/2012, including possibly the introduction of a goods and services tax, depending on the state of Guernsey's public finances at that time.

Document duty is payable on the creation or increase of authorised share capital at the rate of one half of one per cent. of the nominal value of the authorised share capital of a company incorporated in Guernsey up to a maximum of £5,000 in the lifetime of a company. In the case of a Guernsey company which is a closed-ended investment company with an authorised share capital consisting of shares of no par value, such as the Company, the document duty is set at a flat rate of £2,000. No stamp duty is chargeable in Guernsey on the issue, transfer or redemption of shares.

##### **The Shareholders**

Any shareholders who are resident for tax purposes in Guernsey, Alderney or Herm will suffer no deduction of tax by the company from any dividends payable by the Company but the Administrator will provide details of distributions made to Shareholders resident in the Islands of Guernsey, Alderney and Herm to the Administrator of Income Tax in Guernsey. Shareholders resident outside Guernsey will not be subject to any tax in Guernsey in respect of any Shares owned by them.

Guernsey has introduced measures that are the same as the EU Savings Tax Directive. However paying agents located in Guernsey are not required to operate the measures on payments made by closed ended investment companies.

#### **UNITED KINGDOM**

##### **The Company**

The Company intends to conduct its affairs so that, for United Kingdom corporation tax purposes, it will not be regarded as resident in the United Kingdom or as carrying on a trade through a permanent establishment located in the United Kingdom. On that basis and on the assumption that it has no United

Kingdom source income the Company will have no liability in respect of United Kingdom corporation tax on its income or capital gains.

### **United Kingdom Resident Investors**

Shareholders who are resident in the United Kingdom may be liable to United Kingdom income tax or corporation tax in respect of dividend income received from the Company and to United Kingdom capital gains tax or corporation tax on chargeable gains in respect of capital gains realised on a disposal of Ordinary Shares.

#### *Taxation of dividends*

A distribution by the Company with respect to the Ordinary Shares in the form of a dividend may give rise to income chargeable in the United Kingdom to either income tax or corporation tax on income. In the case of a dividend, individuals domiciled and ordinarily resident for tax purposes in the United Kingdom who are liable to income tax at the starting or basic rate will be taxed at the ordinary rate (10 per cent.). An individual who is a higher rate tax payer will be chargeable to tax at the upper rate (32.5 per cent.). Non taxpayers will have no liability to income tax. United Kingdom resident corporate shareholders will normally be liable for corporation tax on any dividends paid by the Company.

#### *Taxation of capital gains*

The Company will not be a collective investment scheme for the purposes of the United Kingdom offshore funds legislation. Although changes were proposed to this legislation by Finance Bill 2007 which would, if enacted, affect this conclusion, HMRC have indicated that the proposed changes will not in fact be enacted. Accordingly, any gain realised by a United Kingdom resident holder of Ordinary Shares or a holder of Ordinary Shares who carries on a trade in the United Kingdom through a permanent establishment with which their investment in the Company is connected on a sale or other disposal (including from a liquidation or dissolution of the Company) of their Ordinary Shares may, depending on their circumstances and subject as mentioned below, be subject to United Kingdom capital gains tax or corporation tax on chargeable gains. The amount of the gain, in general terms, will be the difference between the acquisition cost of the Ordinary Shares and the disposal proceeds.

On a disposal of Ordinary Shares by an individual investor who is resident or ordinarily resident in the United Kingdom for tax purposes, the Ordinary Shares may attract taper relief which reduces the amount of chargeable gain according to how long, measured in years, the Ordinary Shares have been held. An investor which is a body corporate resident in the United Kingdom for tax purposes may benefit from indexation allowance which, in general terms, increases the capital gains tax base cost of an asset in accordance with the rise in the Retail Prices Index.

### **Stamp Duty and Stamp Duty Reserve Tax (“SDRT”)**

No United Kingdom stamp duty or SDRT will arise on the issue of Ordinary Shares. Generally, no United Kingdom stamp duty or SDRT falls to be paid on a transfer of or agreement to transfer Ordinary Shares executed outside of the United Kingdom.

### **Section 739 Taxes Act 1988**

Individual investors ordinarily resident in the United Kingdom for tax purposes should note that Chapter III (Sections 739 and 740) of Part XVII of the Income and Corporation Taxes Act 1988 (the “UK Taxes Act”) may render them liable to income tax in respect of undistributed income or profits of the Company. These provisions are aimed at preventing the avoidance of income tax by individuals through a transaction resulting in the transfer of assets or income to persons (including companies) resident or domiciled abroad. However, these provisions will not apply if the investor can satisfy the HM Revenue & Customs that either:

- (i) it would not be reasonable to draw the conclusion, from all the circumstances, that the purpose of avoiding liability to United Kingdom taxation was the purpose or one of the purposes, of his or her investment in the Company; or
- (ii) the investment was a genuine commercial transaction and it would not be reasonable to draw the conclusion, from all the circumstances, that his investment in the Company was more than incidentally designed for the purpose of avoiding liability to United Kingdom taxation.

### **Controlled Foreign Companies Legislation**

The attention of companies resident in the United Kingdom is drawn to the fact that the “controlled foreign companies” provisions contained in Sections 747 to 756 of the UK Taxes Act could be material to any company so resident that has an interest in the Company such that 25 per cent. or more of the Company’s profits for an accounting period could be apportioned to them, if at the same time the Company is controlled by companies or other persons who are resident in the United Kingdom for taxation purposes. The effect of such provisions could be to render such companies liable to United Kingdom corporation tax in respect of their share of the undistributed income and profits of the Company.

### **Section 13 Taxation of Chargeable Gains Act 1992 (“TCGA”)**

The attention of United Kingdom investors resident or ordinarily resident and, if an individual, domiciled in the United Kingdom is drawn to the provisions of Section 13 TCGA under which, in certain circumstances, a portion of capital gains made by the Company can be attributed to an investor who holds, alone or together with associated persons, more than 10 per cent. of the Ordinary Shares. The capital gains attributed to the investor may (in certain circumstances) be liable to United Kingdom tax on capital gains in the hands of the investor.

### **OTHER JURISDICTIONS**

Prospective purchasers of Ordinary Shares that are resident in jurisdictions other than Guernsey and the United Kingdom should consult their own professional tax advisers as to the tax consequences of the purchase, ownership and disposal of Ordinary Shares. **Any person who is in any doubt as to his or her tax position should consult his or her professional advisers.**

## PART VIII

### ADDITIONAL INFORMATION

#### 1. THE GROUP

- 1.1 The Company was incorporated and registered in Guernsey on 4 April 2007 as a limited liability company under the provisions of the Companies Law with registered number 46723.
- 1.2 The Company is the holding company of The Indian Film Company (Cyprus) Limited which was incorporated under the name of Braxfield Investments Limited as a private limited company in Cyprus on 2 April 2007 with registered number 195836. On 5 May 2007 Braxfield Investments Limited changed its name to The Indian Film Company (Cyprus) Limited. The registered office of The Indian Film Company (Cyprus) Limited is Omirou 51, RIK, Aglantzia, PC2121, Nicosia, Cyprus. The Indian Film Company (Cyprus) Limited is wholly-owned by the Company. The directors of Braxfield Investments Limited are Messrs. Alok Verma and Peter Radford, together with Ms. Christa Theodorou and Ms. Maria Stylianou (both Cypriot residents).
- 1.3 Upon the Ordinary Shares are admitted to trading on AIM the Company will be subject to the AIM Rules.
- 1.4 The registered office of the Company and its principal place of business are located at 2nd Floor, No. 1 Le Truchot, St. Peter Port, Guernsey GY1 3JX. Its telephone number is 01481 731 987.
- 1.5 The liability of the Shareholders is limited to the amount payable in respect of Ordinary Shares held.

Save for its entry into the material contracts in paragraph 7 of this Part VIII and certain non-material contracts, since its incorporation, the Company has not traded and, other than the financial information set out in this document, no accounts of the Company have been made up and no dividends have been declared.

#### 2. SHARE CAPITAL

- 2.1 The share capital of the Company consists of an unlimited number of ordinary shares of no par value, created pursuant to the Companies Law, of which two were issued as subscriber shares to the two subscribers to the Memorandum and Articles of Association. Neither the Companies Law nor the Articles impose pre-emption rights on the issue of new shares. Accordingly, at incorporation, the Directors were generally and unconditionally authorised to allot securities in the Company and such power was not limited in duration.
- 2.2 The issued share capital of the Company immediately following the Placing will be 55 million Ordinary Shares.
- 2.3 It is expected that the Placing Shares will be allotted, conditionally upon Admission, by resolution of the Board to be passed shortly before Admission.
- 2.4 The Ordinary Shares have been assigned ISIN number GG00B1VX1S93 and SEDOL code B1VX1S9.
- 2.5 Save as referred to in this document, since the date of its incorporation no share or loan capital of the Company has been issued or agreed to be issued, or is now proposed to be issued, for cash or any other consideration and no commissions, discounts, brokerages or other special terms have been granted by the Company in connection with the issue of any such capital.
- 2.6 No share or loan capital of the Company is under option or has been agreed, conditionally or unconditionally, to be put under option.
- 2.7 As of the date of this document, the Company has no listed or unlisted securities not representing share capital.
- 2.8 By written ordinary resolution of the Shareholders dated 6 June 2007 it was resolved that the Company be generally and unconditionally authorised to make market purchases of Ordinary Shares (within the meaning of clause 5 of the Companies (Purchase of Own Shares) Ordinance 1998 (the "Ordinance")) provided that:
  1. the maximum number of Ordinary Shares authorised to be purchased is up to 14.99 per cent. of the Ordinary Shares in issue immediately following the conclusion of the Placing (rounded to the nearest whole number);
  2. the minimum price which may be paid for an Ordinary Share is £0.01;

3. the maximum price which may be paid for a share is an amount equal to the higher of 105 per cent. of the average of the middle market quotations for an Ordinary Share as derived from the AIM market of the London Stock Exchange for the five business days immediately preceding the day on which that share is purchased and either the higher of the price of the last independent trade or the highest current independent bid at the time of purchase;
  4. such authority shall expire at the annual general meeting of the Company in 2008 unless such authority is varied, revoked or renewed prior to such date by an ordinary resolution of the Company in general meeting;
  5. the Company may make a contract to purchase Ordinary Shares under such authority prior to its expiry which will or may be executed wholly or partly after its expiration and the Company may make a purchase of shares pursuant to any such contract.
- 2.9 By a written special resolution dated 6 June 2007, it was resolved that, conditional on the Placing and the approval of the Royal Court in Guernsey (the “Court”), the amount standing to the credit of the share premium account of the Company following completion of the Placing be cancelled and the amount of the share premium account so cancelled be credited as a distributable reserve to be established in the books of account of the Company which shall be able to be applied in any manner in which the Company’s profits available for distribution (as determined in accordance with the Companies Law) are able to be applied, including the purchase of the Company’s own Ordinary Shares and payment of dividends. In deciding whether to give its confirmation, the Court will be concerned to protect the interests of any creditors of the Company as at the date the reduction takes effect. The Court will require all such creditors to have been paid or to have consented to the reduction. The Company is recently incorporated and its creditors will principally consist of its advisers. Until the Court has confirmed the reduction of the share premium account (and the terms of any undertaking regarding creditors required by the Court to be complied with), the Company will only be able to distribute dividends out of existing distributable profits and, to the extent permitted by the Ordinance, to repurchase Ordinary Shares out of existing distributable profits or the proceeds of a fresh issue of Ordinary Shares.

### **3. MEMORANDUM AND ARTICLES OF ASSOCIATION**

#### **3.1 Memorandum of Association**

The Company’s principal object as set out in its Memorandum of Association, is to invest in a diverse portfolio of films across different genres, budgets and languages through a research-led investment process of identifying suitable film concepts, director agreements and star casts. The objects of the Company are set out in full in clause 3 of the Memorandum of Association, which is available for inspection at the address specified in paragraph 1.4 of this Part VIII.

#### **3.2 Articles of Association**

The following is a summary of the principal provisions of the Articles of Association of the Company so far as they have not been described earlier in this document.

#### **3.3 Capital structure**

The share capital of the Company is represented by an unlimited number of shares of no par value having the rights described in the Articles. Under the Articles, the Directors are given authority to effect the issue of further shares of the same class and to create new classes of shares.

Subject to the Articles, the unallotted and unissued shares shall be at the disposal of the Board which may allot, grant options over or otherwise dispose of them to such persons on such terms and conditions as the Board determines but so the amount payable on application on such issue shall not be less than the Net Asset Value per share of the shares in issue at the relevant time unless the shareholders have consented to a lower amount by special resolution.

#### **3.4 Variation of class rights**

Subject to the provisions of the Companies Law, all or any of the rights for the time being attached to any share or class of shares (and notwithstanding that the Company may be or may be about to be in liquidation) be varied or abrogated in such manner (if any) as may be provided by such rights or, in the absence of any such provision, either with the consent in writing of the holders of not less than three-quarters of the capital committed or agreed to be committed in respect of the issued shares of the class or with the sanction of an extraordinary resolution passed at a separate general meeting

of the holders of shares of the class duly convened and held as provided in the Articles, but so that the quorum at such meeting (other than an adjourned meeting) shall be two persons holding or representing by proxy at least one-third of the capital committed or agreed to be committed in respect of the issued shares of the class in question.

Preferential rights may be conferred upon the holders of the shares of any class issued by the Company unless otherwise prohibited by the terms of issue of the shares of any other class.

### 3.5 **Issue of Ordinary Shares**

The unallotted and unissued shares shall be at the disposal of the Board which may allot, grant options over or otherwise dispose of them to such persons on such terms and conditions and at such times as the Board determines but so that the amount payable on application on each share shall not be less than the Net Asset Value per share of the shares in issue at the relevant time.

### 3.6 **Pre-emption rights**

The Articles do not contain any rights of pre-emption relating to the Company's shares. There are no rights of pre-emption under Guernsey law or under the AIM Rules applicable to the Company.

### 3.7 **Rights attaching to the Ordinary Shares**

The rights attaching to the Ordinary Shares are as follows:

#### 3.7.1 *Voting rights*

Subject to any special rights or restrictions which may be attached to any class of share, on a show of hands, every holder of Ordinary Shares who is present in person shall have one vote and, on a poll, every holder of Ordinary Shares present in person or by a proxy shall have one vote for every Ordinary Share held.

#### 3.7.2 *Dividends*

The Company may by ordinary resolution declare dividends but no dividend shall exceed the amount recommended by the Board of Directors. No dividend shall be paid otherwise than out of the profit of the business of the Company. The Board of Directors may at any time declare and pay such interim dividends as appear to be justified by the position of the Company.

No dividend shall bear interest against the Company. All unclaimed dividends may be invested or otherwise made use of by the Board of Directors for the benefit of the Company until claimed. Any dividend unclaimed after a period of 12 years from the date of declaration thereof will be forfeited and will revert to the Company and the payment by the Board of Directors of any unclaimed dividend or other sum payable on or in respect of a share into a separate account will not constitute the Company a trustee in respect thereof.

#### 3.7.3 *Reserves*

The Board of Directors may from time to time set aside out of the profits of the Company and carry to reserve such sums as they think proper which, at the discretion of the Board of Directors, shall be applicable for any purpose to which the profits of the Company may properly be applied and pending such application may either be employed in the business of the Company or be invested. The Board of Directors may divide the reserve into such special funds as they think fit and may consolidate into one fund any special funds or any parts of any special funds into which the reserve may have been divided. The Board of Directors may also, without placing the same to reserve, carry forward any profits. In carrying sums to reserve and in applying the same the Board of Directors shall comply with the provisions of the Companies Law.

#### 3.7.4 *Redemption*

The Ordinary Shares do not carry a right to redemption by Shareholders but the Company may, subject to the Companies Law, purchase its own shares and may hold such shares in treasury.

### 3.8 **Form and transfer of shares**

Subject to the Companies Law and the CREST Regulations, the Board of Directors may issue shares as certificated or uncertificated shares in its absolute discretion.

Subject to any restrictions on transfers described below and in paragraph 3.11.2 of this Part VIII:

- 3.8.1 Any Shareholder may transfer all or any of his uncertificated shares by means of a relevant system (“Uncertificated System”) authorised by the Board of Directors in such manner provided for, and subject as provided, in any regulations issued for this purpose under the laws of Guernsey or such as may otherwise from time to time be adopted by the Board of Directors on behalf of the Company and the rules of any Uncertificated System and accordingly no provision of the Articles shall apply in respect of an uncertificated share to the extent that it requires or contemplates the effecting of a transfer by an instrument in writing or the production of a certificate for the shares to be transferred.
- 3.8.2 Any Shareholder may transfer all or any of his certificated shares by an instrument of transfer in any usual form, or in any other form which the Board of Directors may approve, signed by or on behalf of the transferor and, unless the share is fully paid, by or on behalf of the transferee.

The Board may, in its absolute discretion and without giving a reason, refuse to register a transfer of any share which is not fully paid or on which the Company has a lien provided that, in the case of a share admitted to trading on AIM, this would not prevent dealings in the share from taking place on an open and proper basis on AIM. In addition, the Directors may refuse to register a transfer of shares to an ERISA Plan Investor (as defined in the Articles) and may also refuse to register a transfer of shares unless: (i) it is in respect of only one class of shares; (ii) it is in favour of a single transferee or not more than four joint transferees; (iii) it is delivered for registration to the registered office of the Company or such other place as the Board may decide, accompanied by the certificate for the shares to which it relates and such other evidence of title as the Board may reasonably require; and (iv) the transfer is not in favour of any person, as determined by the Directors, to whom a sale or transfer of shares, or in relation to whom the holding of shares (whether directly or indirectly affecting such person, and whether taken alone or in conjunction with other persons, connected or not, or any other circumstances appearing to the Directors to be relevant) (a) would or could be in breach of the laws or requirements of any jurisdiction or government authority or (b) might result in the Company incurring a liability to taxation or suffering certain pecuniary, fiscal, administrative or regulatory or similar disadvantages in connection with the Company being required to register as an “investment company” under the US Investment Company Act (as defined in the Articles), the assets of the Company being deemed to be assets of an “employee benefit plan” within the meaning of Section 3(3) of ERISA (as defined in the Articles) or of a “plan” within the meaning of Section 4975 of the US Code (as defined in the Articles) pursuant to the Plan Asset Regulation or otherwise not being in compliance with the US Investment Company Act, ERISA, the US Code (as defined in the Articles), or any other provision of US federal or state law (a “Non-Qualified Holder” under the Articles). Notwithstanding the above, the Board of Directors may decline to register a transfer of an uncertificated share only in the circumstances set out in regulations issued for this purpose under the laws of Guernsey and then only in accordance with the AIM Rules and the relevant CREST rules.

The Company’s Articles further provide that if, among other things, any shares are owned directly or beneficially by any Non-Qualified Holder, the Directors may give notice to such person requiring that person either: (a) to provide the Directors within 30 days with sufficient satisfactory documentary evidence to satisfy the Directors that such person is not an ERISA Plan Investor or shall not cause the Company to be required to be classified as an investment company under the US Investment Company Act; or (b) to sell or transfer the shares to a person qualified to own the same within 30 days and within such 30 days to provide the Directors with satisfactory evidence of such sale or transfer. Otherwise, the relevant person will be deemed upon the expiration of the 30-day period to have forfeited the shares and the Directors may apply the procedures regarding forfeiture and surrender of shares set out in the Company’s Articles.

### 3.9 **Directors**

- 3.9.1 Unless otherwise determined by the Board of Directors, the number of Directors shall be not fewer than two nor more than ten. The quorum necessary for the transaction of the business of the Board may be fixed by the Board and unless fixed shall be two.
- 3.9.2 The Directors shall not be required to hold any qualification shares.

- 3.9.3 The Directors (other than alternate Directors) shall be entitled to receive by way of fees for their services as Directors such sum as the Board of Directors may from time to time determine provided that the aggregate amount paid to each Director by way of fees shall not exceed £300,000 in any financial year, or such higher amount as may be determined from time to time by ordinary resolution of the Company. Any fees payable pursuant to the Articles shall be distinct from and shall not include any salary, remuneration for any executive office or other amounts payable to a Director pursuant to any other provisions of the Articles and shall accrue from day to day. The Directors shall be entitled to be repaid all reasonable travelling, hotel and other expenses properly incurred by them in or about the performance of their duties as Directors, including expenses incurred in attending meetings of the Board of Directors or any committee of the Board or general meetings or separate meetings of the holders of any class of Ordinary Shares or of debentures of the Company. If by arrangement with the Board of Directors, any Director shall perform or render any special duties or services outside his ordinary duties as a Director, he may be paid such reasonable additional remuneration as the Board of Directors may determine.
- 3.9.4 The Directors shall not be subject to a mandatory retirement age.
- 3.9.5 At every annual general meeting a minimum of one-third of the Directors shall retire from office, save that if their number is not three or any multiple of three then the minimum number required to retire shall be the number nearest to and less than one-third. If there are fewer than three Directors they shall all retire.
- 3.9.6 The Directors to retire by rotation on each occasion shall be those of the Directors who held office at the time of the two preceding annual general meetings and who did not retire at either of them. If the number of Directors so retiring is less than the minimum number required by the Articles to retire by rotation, additional Directors up to that number shall also retire. The additional Directors to retire shall be those of the Directors who have been longest in office since they were last elected; but, as between persons who were last elected on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by lot. The Directors to retire by rotation on each occasion (both as to number and identity) shall be determined by the composition of the board at start of business on the date of the notice convening the annual general meeting and no Director shall be required to retire by rotation or be relieved from retiring by rotation by reason of any change in the number or identity of the Directors after that time on the date of the notice but before the close of the meeting.

### 3.10 **Directors' interests**

- 3.10.1 A Director who to his knowledge is in any way directly or indirectly interested in a contract or arrangement or proposed contract or arrangement with the Company shall disclose the nature of his interest at a meeting of the Board of Directors.
- 3.10.2 A Director may not vote (or be counted in the quorum) in respect of any resolution of the Directors or committee of the Directors concerning a contract, arrangement, transaction or proposal to which the Company is or is to be a party and in which he has an interest which (together with any interest of any person connected with him) is, to his knowledge, a material interest (otherwise than by his interest in Ordinary Shares, debentures or other securities of or otherwise in or through the Company). This is subject to certain exceptions including (i) where the contract, arrangements, transaction or proposal concerns general employee privileges or benefits or insurance policies for the benefit of Directors or (ii) in circumstances where a Director acts in a personal capacity in the giving of a guarantee, security or indemnity for the benefit of the Company or any of its subsidiary undertakings.
- 3.10.3 Any Director may act by himself or his firm in a professional capacity for the Company, other than as auditor, and he or his firm shall be entitled to remuneration for professional services as if he were not a Director.
- 3.10.4 A Director may continue to be or become a director, managing director, manager or other officer, or member of any company in which the Company may be interested, which may be promoted by the Company or in which the Company may be interested and no such Director shall be accountable to the Company for any remuneration or other benefits received thereby.

### **3.11 Disclosures of beneficial interests in shares**

3.11.1 The Directors may serve written notice on any Shareholder requiring that Shareholder to disclose to the Company the identity of any person (other than the Shareholder) who has or appears to have an interest in the shares held by the Shareholder and the nature of such interest.

Any such notice shall require any information in response to such notice to be given within such reasonable time as the Directors shall determine.

3.11.2 If any Shareholder is in default in supplying to the Company the information required by the Company within the prescribed period, the Directors in their absolute discretion may serve a direction notice on the Shareholder. The direction notice may direct that in respect of any shares held by such Shareholder, such Shareholder shall not be entitled to vote in general meetings or class meetings. Where the default shares represent at least 0.25 per cent. of the class of shares concerned, the direction notice may additionally direct that dividends on such default shares will be retained by the Company (without interest), and that no transfer of default shares (other than a transfer approved under the Articles) shall be registered until the default is rectified.

### **3.12 Disclosure of notifiable interest**

3.12.1 Any Shareholder who acquires an interest in the Company equal to or exceeding three per cent. of the issued shares (a "Notifiable Interest") shall forthwith notify the Company of such interest and having acquired a Notifiable Interest, a Shareholder shall forthwith notify the Company if he ceases to hold such interest and of any increase or decrease to the nearest whole percentage number in his Notifiable Interest.

3.12.2 Where any Shareholder fails to notify the Company of its Notifiable Interest forthwith the Directors may, in the absolute discretion, serve a notice on such Shareholder requiring the Shareholder to disclose to the Company any Notifiable Interest in writing and within such time as the Directors may determine and in the event that such Shareholder fails to comply with such notice by the end of the prescribed period the Directors may in their absolute discretion at any time thereafter serve a direction notice upon such Shareholder and the terms of paragraph 3.11.2 shall apply in respect of the direction notice.

### **3.13 Borrowing powers**

The Directors may exercise all the powers of the Company to borrow money and to give guarantees, hypothecate, mortgage, pledge or charge all or part of its undertaking, property or assets (present or future) and uncalled capital and, subject to Guernsey law, to issue debentures and other securities whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party. The Articles do not include limits on the Company's power to borrow.

### **3.14 Annual general meeting**

The annual general meeting of the Company will be held in Guernsey or such other place as may be determined by the Board of Directors. Notices convening the general meeting in each year will be sent to Shareholders by any lawful means not later than fourteen days before the date fixed for the meeting. Other general meetings may be convened from time to time by the Directors by sending notices to Shareholders by post or email or by Shareholders requisitioning such meetings in accordance with the Articles.

The holders of the Ordinary Shares being present in person or by proxy or by a duly authorised representative (if a corporation) at a meeting shall upon a show of hands have one vote and upon a poll each such holder present in person or by proxy or by a duly authorised representative (if a corporation) shall have one vote in respect of each Ordinary Share held by him.

### **3.15 Electronic communication**

The Company may choose to give notice of meetings and send documents (including the annual financial report) to Shareholders in electronic form or communicate generally with Shareholders by electronic means. However, Shareholders will have a right to request, at any time, a hard copy of any information communicated to Shareholders in electronic form or by electronic means.

### 3.16 **Winding up**

On a winding up, the surplus assets remaining after payment of all creditors, including the repayment of bank borrowings will be divided among Shareholders pro rata, according to the rights attached to the shares.

The liquidator may with the authority of a special resolution, divide among the members in specie the whole or any part of the assets of the Company, and whether or not the assets shall consist of property of a single kind, and may for such purposes set such value as he deems fair upon any one or more class or classes of property, and may determine how such division shall be carried out as between the members. The liquidator may with the like authority vest any part of the assets in trustees upon such trusts for the benefit of members as the liquidator with the like authority shall think fit and the liquidation of the Company may be closed and the Company dissolved but so that no member shall be compelled to accept any shares or other assets in respect of which there is any outstanding liability.

### 3.17 **Untraceable Shareholders**

The Company shall be entitled to sell at the best price reasonably obtainable the shares of a Shareholder or any shares to which a person is entitled by transmission on death or bankruptcy if and provided that:

- 3.17.1 for a period of 12 years no cheque or warrant sent by the Company through the post in a pre-paid letter addressed to the Shareholder or to the person so entitled to the share at his address in the Register of Members or otherwise the last known address given by the Shareholder or the person entitled by transmission to which cheques and warrants are to be sent has been cashed and no communication has been received by the Company from the Shareholder or the person so entitled provided that in any such period of 12 years the Company has paid at least three dividends whether interim or final;
- 3.17.2 The Company has at the expiration of the said period of 12 years, by advertisement in a newspaper circulating in the area in which the address referred to in paragraph 3.17.1 above is located, given notice of its intention to sell such shares;
- 3.17.3 The Company has not during the period of three months after the date of the advertisement and prior to the exercise of the power of sale received any communication from the Shareholder or person so entitled; and
- 3.17.4 if any part of the share capital of the Company is quoted on any stock exchange the Company has given notice in writing to the quotations department of such stock exchange of its intention to sell such shares.

## 4. **DIRECTORS AND OTHER INTERESTS**

- 4.1 Based on the intentions of the Directors (and persons connected with the Directors) to subscribe under the Placing, the Directors (and persons connected with the Directors) are expected to hold, following Admission, the number of Ordinary Shares set out below:

<b>Name</b>	<b>Number of Ordinary Shares held</b>	<b>Percentage of issued share capital %</b>
Raghav Bahl*	11,900,000	21.64

\*Raghav Bahl holds an interest in both Network 18 Fincap Limited and BK Media Mauritius Private Limited which have subscribed for an aggregate of 11,900,000 Ordinary Shares pursuant to the Placing.

In accordance with the lock-in arrangements contained in the AIM Rules, the Directors, Network 18 and BK Media Mauritius Private Limited have agreed not to dispose of their Ordinary Shares for a period of 12 months from the date of Admission.

- 4.2 Save as set out above, no Director has any interest, beneficial or otherwise, in the share capital of the Company nor has any person connected with any Director (so far as is known to, or could with reasonable diligence be ascertained by, each Director) any interest in such share capital or any options in respect of such share capital, in each case whether or not held through another party.
- 4.3 In addition to their directorships of the Company, the Directors held or have held the following directorships, and are or were members of the following partnerships, within the past five years:

<b>Name</b>	<b>Current directorships, partnerships and affiliations</b>	<b>Previous directorships and partnerships</b>
Shyam Benegal	Crest Animation Studios Shyam Benegal Sahyadri Films	Tata Press Limited
Raghav Bahl	BK Enterprises Limited BK Media Mauritius Private Limited BK Media Private Limited digital 18 Media Pvt Limited e-Eighteen.com Limited E-18 Limited Global Broadcast News Limited iNews.com Limited Keyman Financial Services Private Limited Money Control Dotcom India Limited Network 18 Fincap Limited Network 18 Holdings Limited (formerly known as TV 18 Holdings Limited) News Wire 18 India Private Limited R.B. Software Private Limited RB Investments Private Limited RB Software Private Limited RK Finhold Private Limited RRB Datasoft Private Limited RRB Holdings Private Limited RRK Holdings Private Limited RVT Holdings Private Limited RVT Investments Private Limited RVT Softech Private Limited SAW Holdings Limited SAW Inc. Setpro Holdings Private Limited SGA Media Inc. SGA News Limited Silver Ridge Tangerine Sdn Bhd Tangerine Digital Private Limited Television Eighteen India Limited Television Eighteen Mauritius Limited TEML Broadcast Mauritius Limited TV18 Home Shopping Network Private Limited TV18 HSN Holdings Limited VT Holdings Private Limited VT Investments Private Limited Web 18 Holdings Limited Web18 Software Services Limited	BK Fincap Private Limited Ogaan Publications Private Limited RB Fincap Private Limited
Lord Meghnad Desai	Cape Compensation Services Hythe Securities Osians Connoisseurs of Art Pvt Limited	
Alok Verma	Sedley Richard Laurence Voulters S-Infra Limited Tricap Limited	Visiotics Holdings Limited Visiotics Limited
Peter Radford	2mi Financial Services Limited Abroad Spectrum PCC Limited Arbres Investments Limited Arch Cru Private Equity IC Limited Arch Cru Private Finance IC Limited Arch Cru Sustainable Opportunities IC Limited Arch Finance Opportunities Limited Arch Guernsey ICC Limited Arch Parallel Private Equity IC Limited Arch Private Finance IC Limited	Aberdeen International Limited Aberdeen International Assurance (Isle of Man) Limited Ackers P Investment Company Bordeaux Services Limited C I Income Fund Limited C I Securities Limited Kantoor Recour Limited Mount Street Modus IBI Limited Moy Investments Limited Pavillion Multi-Manager Funds Limited

Name	Current directorships, partnerships and affiliations	Previous directorships and partnerships
Peter Radford <i>continued</i>	Arch Sustainable Opportunities IC Limited AIM Realisation Fund Limited Appleton Capital Protected Fund PCC Limited Astor Investment Holdings Limited Bentley Investments Limited Berlinetta Resources Inc Blackhill Services Limited Bordeaux European Managers Limited Bordeaux International Fund Managers Limited Bordeaux Services (Guernsey) Limited Brenton Resources Limited Burghley Limited Burnbeck Holding SA Carinella Holdings Limited Clarion Delta Fund Limited Curlew Holdings Limited Diamond Capital Management Limited Ecuadorean Holdings Limited Elsingham Investments Limited Emerging Markets Value Realisation Limited EV Capital Partners Limited Formula Films Distribution Limited Forward Sport Fund Gambol Capital Limited Gatcombe Limited Genemar Limited Genesis Administration Limited Genesis Condor Fund Limited Genesis General Partner Limited Genesis Investments Limited Genesis Pacific Management Limited Genesis Taihei Investments Limited Gleneagle Limited Global Convertible Opportunities Fund (formerly Asymmetric Convertible Fund Limited) Helene Limited IMR (C.I.) Limited (formerly Appleton Limited) Innerwick Holdings Limited KCI Managers Limited Killarney Holdings Limited Krypton Commodity Investment Fund Limited Lemongrass Property Limited Les Echelons I Limited (formerly Genesis Fund Managers Limited) Les Echelons II Limited (formerly Genesis Asset Managers Limited) Lindenleaf Limited Madrid Holdings Limited MitonOptimal Group Limited MiltonOptimal Guernsey Limited (formerly Optimal Fund Management Limited) Montenegro Investments Limited Mulliford Limited NIF Fund Holdings PCC Limited Nkosi Investments Limited O’Cocoon International Limited O Twelve Barking Limited O Twelve Baytree Limited O Twelve Beckton Limited	Port Fund Managers Limited PSG Asset Management (CI) Limited Sisenge Limited SP Investments (Guernsey) Limited

Name	Current directorships, partnerships and affiliations	Previous directorships and partnerships
Peter Radford <i>continued</i>	<p>O Twelve Dagenham Limited</p> <p>O Twelve Estates Limited</p> <p>O Twelve Gascoigne (1) Limited</p> <p>O Twelve Gascoigne (2) Limited</p> <p>O Twelve George Yard Limited</p> <p>O Twelve Grove Farm Limited</p> <p>O Twelve Ingrave Limited</p> <p>O Twelve NBS Limited</p> <p>O Twelve Pedham Limited</p> <p>O Twelve Queensgate Limited</p> <p>O Twelve Redwing Limited</p> <p>O Twelve Salway Limited</p> <p>O Twelve Stonehill Limited</p> <p>O Twelve Weston (1) Limited</p> <p>O Twelve Weston (2) Limited</p> <p>Oakbridge Corporation</p> <p>Ochre Investments Limited</p> <p>Optimal Overlay Fund Limited</p> <p>Optimist Films Distribution Limited</p> <p>Oxeye Growth Fund Limited</p> <p>Pallhuber Fine Wines Limited</p> <p>Palm Tree Distribution Limited</p> <p>Palm Tree Holdings (No.2) Limited</p> <p>Pimlico Invest Limited</p> <p>PSG Fund Management (C.I.) Limited (formerly Appleton Funds Management (CI) Limited)</p> <p>PSG Investment Services (C.I.) Limited (formerly Trinity International Management Limited)</p> <p>Rand Nominees Limited</p> <p>Ravenfield Holdings Limited</p> <p>RESS I (GP) Limited</p> <p>RESS II (GP) Limited</p> <p>RESS GP I Limited</p> <p>Rushmire Limited</p> <p>SFI Holdings (BVI) Limited</p> <p>SG Europe Limited</p> <p>SG Overseas Limited</p> <p>SG Sealing Limited</p> <p>Solar House Limited</p> <p>SP Investments Limited</p> <p>Special Situations Realty Partners (MLP) Ltd</p> <p>Special Situations Venture Managers (MLP) Ltd</p> <p>Special Situations Venture (GP) Ltd</p> <p>Special Situations Venture Partners II Managers (MLP) Ltd</p> <p>Special Situations Venture Partners II (GP) Ltd</p> <p>SSRP (Feeder) Limited</p> <p>Stuart Investment Holdings Limited</p> <p>The Care Villages PCC Limited</p> <p>The Gilpin Fund Limited</p> <p>The Global Mutual Fund PCC Limited</p> <p>Turtel Investment Fund Limited (formerly Turtel Investment Holdings Limited)</p> <p>Verity Holdings Limited</p> <p>Verity Life Limited (formerly SG Life (Guernsey) Limited)</p> <p>Warwick Asset Management (Channel Islands) Limited</p> <p>Westmount Investment Holdings Limited</p> <p>WT Partnership Europe Limited</p>	

- 4.4 Raghav Bahl is a non-executive director of SAW Holdings Limited for which a members voluntary liquidation order was passed on 23 April 2007. Mr. Bahl is also a non-executive director of TEML Broadcast Mauritius Limited which was liquidated by the members voluntarily and by the order of the Registrar of Companies on 19 May 2007. Mr. Bahl is also a non-executive director of SAW Inc. and SGA Media Inc.. Members voluntary liquidation was filed for both of these companies on 31 October 2006. There is no deficit owed to third party creditors.
- 4.5 Peter Radford was a non-executive director of CI Income Fund Limited and CI Securities Limited, both Guernsey companies, which entered liquidation on 27 April 2004.
- 4.6 On 26 August 2006 Mr. Victor Fernandes and others (“plaintiffs”) filed a suit bearing no. 2709 of 2006 as a derivative action on behalf of e-Eighteen.com Private Limited alleging that Mr. Raghav Bahl, Television 18, ICICI Global Opportunities Fund and e-Eighteen.com Private Limited had entered into a subscription cum shareholders agreement dated 12 September 2000 under which Mr. Raghav Bahl and Television 18 had *inter alia* undertaken that any opportunity offered to them shall only be pursued or taken up through e-Eighteen.com Private Limited or its wholly-owned subsidiaries. The plaintiffs have alleged that Mr. Raghav Bahl and Television 18 have promoted and developed various businesses through various entities which should have under the aforesaid agreement rightly been undertaken by e-Eighteen.com Private Limited or its wholly-owned subsidiaries. The plaintiffs have alleged that by not doing so Mr. Raghav Bahl and Television 18 have caused monetary loss to e-Eighteen.com Private Limited as well as to the plaintiffs. The plaintiffs have valued their claim in the suit at Rupees 3,014.12 crores and Rupees 99.94 crores and have, *inter alia*, prayed that Mr. Raghav Bahl, certain companies within the Investment Manager’s group and others be ordered to transfer to e-Eighteen.com Private Limited all of their businesses, activities and ventures along with all assets and intellectual property. On 18 September 2006 the plaintiffs filed a notice of motion no. 3232 of 2006 in suit no. 2709 of 2006 seeking interim relief. A reply was filed with the Bombay High Court on 14 November 2006. The matter is currently pending. The Board has received advice from Indian lawyers confirming that there is no merit in the claim being brought.
- 4.7 Save as set out above, as at the date of this document, none of the Directors of the Company:
- (a) has any unspent convictions in relation to indictable offences; or
  - (b) has been bankrupt or has made, or been the subject of, any individual voluntary arrangement; or
  - (c) has been a director of any company at the time of or within 12 months preceding the date of its receivership, compulsory liquidation, creditors’ voluntary liquidation, administration, company voluntary arrangement or any composition or arrangement with its creditors generally or with any class of its creditors; or
  - (d) has been a partner in a partnership at the time of or within 12 months preceding the date of its compulsory liquidation, administration or partnership voluntary arrangement of such partnership; or
  - (e) has had his assets the subject of any receivership or has been a partner of a partnership at the time of or within 12 months preceding the date of its assets being the subject of a receivership; or
  - (f) has been subject to any public criticism by any statutory or regulatory authority (including any recognised professional body) or has ever been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of a company.
- 4.8 Save as set out in this document, none of the Directors has or has had any interest in any transaction which is or was unusual in its nature or conditions or significant to the business of the Company and which has been effected by the Company since its incorporation and which remains in any way outstanding or unperformed.
- 4.9 No Director (nor any member of a Director’s family) has had a related financial product (as defined in the AIM Rules) referenced to Ordinary Shares.
- 4.10 No loan or guarantee has been granted or provided by the Company to any Director.
- 4.11 There are no service agreements in existence between any of the Directors and the Company or any of its subsidiaries providing for benefits upon termination of their employment.
- 4.12 The maximum amount of remuneration payable to the Directors permitted under the Articles is £300,000 per annum in aggregate. Other than Mr. Raghav Bahl, who has waived any entitlement to a

director's fee, each Director will receive an annual director's fee of £15,000 per annum, and £20,000 for the Chairman, and is entitled to be repaid all reasonable expenses properly incurred by him in the performance of his duties as director.

- 4.13 Directors and officers liability insurance will be maintained for the benefit of the Directors.

## 5. SHARE INTERESTS

- 5.1 As at 6 June 2007 (the latest practicable date prior to publication of this document), the Company was not aware of any persons who, immediately following Admission, could, directly or indirectly, jointly or severally, exercise control over the Company.
- 5.2 Save as set out below, the Directors are not aware of any person, directly or indirectly, jointly or severally, who exercises or could exercise control over the Company or who will hold three per cent. or more of the issued share capital of the Company immediately following Admission:

Name of Shareholder	Number of Ordinary Shares	Percentage of issued share capital %
Network 18 Fincap Limited <sup>1</sup>	10,000,000	18.18
Pershing Keen Nominees Ltd.	5,000,000	9.09
Goldman Sachs Securities Nominees Ltd.	5,000,000	9.09
HSBC HGIF Indian Equity Mauritius.	5,000,000	9.09
Kelusa Master Fund Ltd.	3,500,000	6.36
SNC Nominees	3,400,000	6.18
Viacom Brand Solutions Ltd.	2,500,000	4.55
BK Media Mauritius Private Limited <sup>2</sup>	1,900,000	3.45

<sup>1</sup> Raghav Bahl is a director and substantial shareholder of Network 18 Fincap Limited

<sup>2</sup> Raghav Bahl is a director and substantial shareholder of BK Media Mauritius Private Limited

- 5.3 None of the Company's major Shareholders have different voting rights.

## 6. OVERSEAS INVESTORS

**No action has been taken to permit the distribution of this document in any jurisdiction outside the UK where such action is required to be taken. This document may not therefore be used for the purpose of, and does not constitute, an offer or solicitation by anyone in any jurisdiction or in any circumstances in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation. Accordingly, no person receiving a copy of this document in any territory other than the United Kingdom, may treat the same as constituting an offer or invitation to him to acquire, subscribe for or purchase Ordinary Shares nor should he in any event acquire, subscribe for or purchase Ordinary Shares unless such an invitation, acquisition, subscription or purchase complies with any registration or other legal requirements in the relevant territory. Any person outside the United Kingdom wishing to acquire, subscribe for or purchase Ordinary Shares should satisfy himself that, in doing so, he complies with the laws of any relevant territory, and that he obtains any requisite governmental or other consents and observes any other applicable formalities.**

The Company is not registered with the US Securities Exchange Commission under the US Investment Companies Act of 1940, as amended (the "1940 Act"). In addition, the Ordinary Shares are not registered under the US Securities Act of 1933, as amended (the "1933 Act"). Therefore, the Ordinary Shares may not be publicly offered or sold in the US or directly or indirectly to or for the benefit of a "US Person" as defined herein. A "US Person" as used herein means a "US Person" as defined under Regulation S of the 1933 Act, as well as the following (1) a citizen or resident of the US; (2) a partnership or corporation organised or incorporated under the laws of any state, territory or possession of the US; (3) any estate or trust, other than an estate or trust which is not subject to US income tax on its income derived from sources outside the US and not effectively connected with the conduct of a trade or business within the US; or (4) any estate or trust which has a US person as its executor, administrator, or trustee. Ordinary Shares will be offered or sold within the United States only to Qualified Purchasers, as defined under the 1940 Act.

## 7. MATERIAL CONTRACTS

The following contracts, not being entered into in the ordinary course of business, have been entered into by the Company since incorporation and are, or may be, material:

- 7.1 An engagement letter dated 9 February 2007 as amended on 22 February 2007 between the Directors and Grant Thornton Corporate Finance, as novated by the deed of novation dated 6 June 2007

between Grant Thornton Corporate Finance and the Company, pursuant to which Grant Thornton Corporate Finance has been appointed to act as nominated adviser to the Company. The agreement contains certain undertakings and indemnities from the Company and is terminable on 30 days' notice in writing by either party. The agreement is governed by English law.

- 7.2 A Broker Agreement dated 6 June 2007 between the Company, Elara Capital and the Investment Manager pursuant to which the Company has, conditionally upon Admission, appointed Elara Capital with Oriel Securities as broker to the Company for the purposes of AIM and terminable by any party on not less than 14 days' notice in writing.

Under the terms of the agreement the Company and the Investment Manager have given customary indemnities to Elara Capital.

- 7.3 A Broker Agreement dated 6 June 2007 between the Company, Oriel Securities and the Investment Manager pursuant to which the Company has, conditionally upon Admission, appointed Oriel Securities as broker with Elara Capital to the Company for the purposes of AIM and terminable by any party on not less than 14 days' notice in writing.

Under the terms of the agreement the Company and the Investment Manager have given customary indemnities to Oriel Securities.

- 7.4 A Placing Agreement dated 6 June 2007 made between the Company, the Investment Manager, the Directors, Grant Thornton Corporate Finance, Elara Capital, Oriel Securities and BK Media Mauritius Private Limited (the holding company of the Investment Manager), pursuant to the terms of which Elara Capital and Oriel Securities have conditionally agreed, as joint agents for the Company, to use their reasonable endeavours to procure placees for 55 million Ordinary Shares at the Placing Price. In consideration for their services, both Elara Capital and Oriel Securities shall be paid a total of £100,000 for their corporate finance advice, and an aggregate commission of £1,275,000. The agreement contains, *inter alia*, warranties given by the Company, the Investment Manager, and the Directors in favour of Grant Thornton Corporate Finance, Elara Capital and Oriel Securities as to the accuracy of information contained in this document and other information relating to the Group. The Company and the Investment Manager have also agreed to indemnify Grant Thornton Corporate Finance, Elara Capital and Oriel Securities for any losses incurred by them in connection with the performance by Grant Thornton Corporate Finance, Elara Capital and Oriel Securities of their duties under the Placing Agreement, except as the result of bad faith, negligence, or wilful default of Grant Thornton Corporate Finance, Elara Capital and Oriel Securities. Raghav Bahl has agreed to guarantee the obligations of the Investment Manager.

The Directors have also covenanted pursuant to Rule 7 of the AIM Rules for Companies not to dispose of any shares held by them at Admission or subsequently acquired by them for a period of 12 months following Admission except in those circumstances as provided for under Rule 7 of the AIM Rules for Companies. The Directors have also covenanted that for a further 12 months they will not dispose of any interest other than through Elara Capital or Oriel Securities save in limited circumstances or with the consent of Grant Thornton Corporate Finance, Oriel Securities and Elara Capital.

The Placing Agreement may be terminated by Grant Thornton Corporate Finance, Elara Capital or Oriel Securities if, in certain limited circumstances including any statement contained in this document is discovered to be untrue, incorrect or misleading in any material respect, or there has been a breach of any of the warranties which is material in the context of the Placing or by reason of *force majeure*.

- 7.5 An Investment Management Agreement dated 6 June 2007 between the Company and the Investment Manager pursuant to which the Investment Manager is appointed, with effect from Admission, to manage and advise the Group on a day-to-day basis as to its investment in Film Projects and to monitor the performance and operation of the Group's investments. The Investment Manager's appointment and activities are subject always to the overall policies, direction and control of the Board.

In consideration for its services under the Investment Management Agreement, the Company or, if relevant, the relevant company in the Group, shall pay to the Investment Manager 2 per cent. per annum of the Opening NAV for the relevant year. Such fee shall be calculated at the close of business on the relevant Calculation Day and shall be payable quarterly in advance in Pounds Sterling.

In addition to the fixed management fee described above, the Investment Manager shall also be entitled to receive from the Company or, if relevant, the relevant company in the Group, a

performance fee, calculated and payable after the end of each performance fee period, equal to 20 per cent. of any excess of the Net Profit after Tax (after adding back (i) any liability to the Company or the Group in respect of such performance fee for that period and (ii) any amounts paid or payable to Shareholders (in their capacities as such) in respect of that period where the effect of such payment would reduce the Company's Net Profit after Tax for that period) as at the end of each performance fee period over the benchmark. Any performance fee shall be payable within 14 days of the end of the relevant performance fee period in Pounds Sterling.

The benchmark shall be an amount equal to the Opening NAV for that period multiplied by 10 per cent. per annum provided always that no performance fee shall be payable to the Investment Manager in respect of a performance fee period unless at the end of that period the excess of the Net Profit after Tax after adding back the items referred to above over the benchmark is sufficiently great so as to ensure that any previous Deficits (as defined below) have been eliminated. For these purposes a Deficit shall be an amount, on a pound for pound basis, by which the Net Profit after Tax (after adding back the items referred to above) for a particular period fails to exceed the benchmark for that period and has not been subsequently eliminated.

The first performance fee period shall commence on Admission and shall terminate on 31 March 2008. Each subsequent performance fee period shall commence on 1 April and terminate on 31 March in the following year.

With the written consent of the Board, the Investment Manager may sub-contract or delegate on such terms and to such persons as it may think fit the functions undertaken by the Investment Manager under the Investment Management Agreement provided that the payment or reimbursement of all fees, costs and expenses payable to such persons under the terms of their appointment shall be the sole responsibility of the Manager.

The Investment Management Agreement is terminable on 12 months' notice expiring on or at any time after the third anniversary of Admission. The Agreement may be terminated summarily or on shorter notice in certain other circumstances including for material breach of contract. The agreement contains an indemnity in favour of the Manager from the Company for losses it may suffer in connection with its performance of services under the Agreement.

- 7.6 A Custodian Agreement dated 6 June 2007 between the Company and Collins Stewart (CI) Limited, pursuant to which Collins Stewart (CI) Limited is appointed, with effect from Admission, as custodian of certain assets of the Company. In its capacity as custodian, the Custodian shall accept responsibility for the safe custody of the property of the Company which is delivered to and accepted by the Custodian or any sub-custodian. The Custodian shall be entitled to receive an annual fee from the Company of 0.05 per cent. per annum of the value of the Company's assets held in its custody together with additional transactional fees to be agreed and any time-charged fees. The Custodian has the benefit of an indemnity from the Company against liabilities arising in the absence of the Custodian's negligence, fraud or wilful default. The Custodian Agreement is terminable on three months' notice expiring on or after the first anniversary of Admission and on shorter notice in the event of material breach of contract or liquidation.
- 7.7 An Administration Agreement dated 6 June 2007 between the Company and the Administrator pursuant to which the Administrator is appointed as administrator and company secretary of the Company. The Administrator shall be entitled to receive a minimum annual fee rising to £100,000 in the third year following Admission, payable by the Company quarterly in arrears, for administration and company secretarial services to the Group. The Agreement contains an indemnity in favour of the Administrator against claims by third parties except to the extent that the claim is due to the negligence, fraud, bad faith or wilful default of the Administrator. The agreement may be terminated by either party giving not less than 6 months' notice such notice to expire at any time on or after the second anniversary of Admission or otherwise in circumstances where either party goes into liquidation or commits a material breach of contract.
- 7.8 An Offshore Registrar Agreement dated 6 June 2007 between the Company and Capita Registrars (Guernsey) Limited pursuant to which the Registrar is appointed to act as registrar of the Company. The Registrar shall be entitled to receive a fixed fee from the Company at the basic fee of £2.00 per shareholder account per annum, subject to an annual minimum charge of £4,250, payable quarterly in arrears. Additional fees payable by the Company include, *inter alia*, fees in the sum of £1,500 per annum for maintenance of the register in Guernsey. The Registrar shall also be entitled to reimbursement of all reasonable out-of-pocket expenses properly incurred on behalf of the Company.

The Agreement is terminable by the Company giving not less than 3 months' notice to the Registrar, such notice to expire at any time on or after the first anniversary of Admission.

- 7.9 A Deed of Transfer and Assignment (the "Deed") dated 19 April 2007 between The Indian Film Company (Cyprus) Limited and Network 18 pursuant to which Network 18 will assign its rights and transfer its obligations under the 14 co-production agreements governing the Initial Film Projects (each a "Co-Production Agreement") to The Indian Film Company (Cyprus) Limited, the consideration to be based on a valuation provided by Kingston Smith LLP dated 27 February 2007, as increased by all actual costs incurred by Network 18 from 27 February 2007 until Admission, together with a mark-up of 14 per cent. thereon, provided that in the event that the consideration exceeds £3,202,500, a fresh valuation shall be carried out by Kingston Smith LLP prior to Admission. Both The Indian Film Company (Cyprus) Limited and Network 18 have given cross-indemnities to each other in respect of any losses suffered or incurred by the other as a result of the indemnifier being in breach of the terms of the Deed. Network 18 agrees that all future Film Projects shall be first offered to The Indian Film Company (Cyprus) Limited on such terms and conditions as may be mutually agreed at the time. The parties propose to enter into an amendment deed prior to Admission in order to update certain provisions in the Deed. This Deed is governed by Indian law.
- 7.10 A Lock-in Deed entered into between the Company, Grant Thornton Corporate Finance, Elara Capital, Oriel Securities and Network 18 pursuant to the terms of which Network 18 has covenanted pursuant to Rule 7 of the AIM Rules for Companies not to dispose of any Ordinary Shares held by it at Admission or subsequently acquired by it for a period of 12 months from Admission except in those circumstances provided for under Rule 7 of the AIM Rules for Companies. Network 18 has further agreed that following the expiry of the initial 12 month period it will not, as long as Elara Capital and Oriel Securities remain as brokers, dispose of its shares except through Elara Capital or Oriel Securities save in limited circumstances.
- 7.11 A Lock-in Deed entered into between the Company, Grant Thornton Corporate Finance, Elara Capital, Oriel Securities and BK Media Mauritius Private Limited pursuant to which BK Media Mauritius Private Limited has covenanted pursuant to Rule 7 of the AIM Rules for Companies not to dispose of any Ordinary Shares held by it at Admission or subsequently acquired by it for a period of 12 months from Admission except in those circumstances provided for it under Rule 7 of the AIM rules for Companies. BK Media Mauritius has further agreed that following the expiry of the initial 12 month period it will not, as long as Elara Capital and Oriel Securities remain as brokers, dispose of its shares except through Elara Capital or Oriel Securities save in limited circumstances.

## **8. WORKING CAPITAL**

In the opinion of the Directors, having made due and careful enquiry, the working capital available to the Company will be sufficient for its present requirements, that is for at least 12 months from the date of Admission.

## **9. ACCOUNTING POLICY**

The financial statements of the Group will be prepared under IFRS. The Company's accounting reference date is 31 March.

## **10. GENERAL**

- 10.1 The costs and expenses of, and incidental to, Admission will be borne by the Company and will be approximately £2 million.
- 10.2 The Investment Manager, based in Mauritius, was incorporated on 23 March 2007.
- 10.3 The Investment Adviser, based in India, was incorporated on 20 June 2006.
- 10.4 The Custodian was incorporated in Guernsey on 20 June 1990 with registration number 22761 and its registered office is at No. 1 Le Truchot, St. Peter Port, Guernsey.
- 10.5 The Administrator was incorporated in Guernsey on 12 October 2006 with registration number 45655 and its registered office is at No. 1 Le Truchot, St. Peter Port, Guernsey.
- 10.6 Except for fees payable to the professional advisers whose names are set out on pages 6 and 7 of this document, no person has received fees, securities in the Company or any other benefit to a value of £10,000 (or its currency equivalent) or more whether directly or indirectly, from the Company within the 12 months preceding the application for Admission, or has entered into any contractual

arrangement to receive from the Company, directly or indirectly, any such fees, securities or other benefit on or after Admission.

- 10.7 The Company is not, nor has it been since its incorporation, involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware) which may have, or have had in the recent past, significant effects on the Company's financial position or profitability.
- 10.8 There has been no significant change in the financial or trading position of the Company since the date of its incorporation or any factors which have influenced its activities. The Company does not have nor has it had any employees and it neither owns nor leases any premises.
- 10.9 Certain information in this document has been sourced from the FICCI-PWC Report entitled "The Indian Entertainment and Media Industry: A Growth Story Unfolds" dated March 2007. Where information in this document has been sourced from third parties, the Company confirms that this information has been accurately reproduced and as far as the Company is aware and is able to ascertain from the information published by those third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading.
- 10.10 Grant Thornton Corporate Finance, Grant Thornton UK LLP, Elara Capital plc, Oriel Securities Limited, the Investment Manager, the Investment Adviser, Kingston Smith LLP, the Administrator, the Custodian and Ernst & Young LLP have given and not withdrawn their written consent to the issue of this document with the references to their respective names in the form and context in which they appear.
- 10.11 Grant Thornton UK LLP of The Explorer Building, Fleming Way, Crawley RH10 9GT, United Kingdom, has given and not withdrawn its written consent to the inclusion in this document of its Accountants' Report in Part VI of this document and the references to such report and to its name in the form and context in which it appears. Except for this information in the admission document, no other information has been audited or reviewed by auditors.
- 10.12 The Company's auditors are Ernst & Young LLP, PO Box 9, 14 New Street, St. Peter Port, Guernsey GY1 4AF. Ernst & Young were appointed auditors on 6 June 2007. Ernst & Young LLP is a member of the Institute of Chartered Accountants in England and Wales.
- 10.13 The Investment Manager is or may be a promoter of the Company and will receive remuneration under the Investment Management Agreement summarised in paragraph 7.5 above.
- 10.14 All related parties (as defined in the AIM Rules) have agreed pursuant to Rule 7 of the AIM Rules for Companies not to dispose of any interests in any of the Ordinary Shares for a period of 12 months from Admission.
- 10.15 The Directors have applied for the Ordinary Shares to be admitted to CREST as a participating security with effect from Admission. Accordingly, it is expected that the Ordinary Shares will be enabled for settlement in CREST following Admission.
- 10.16 The Directors, in accordance with the AIM Rules and until the Company is substantially invested, will at each annual general meeting of the Company, seek Shareholder approval of the Company's investing strategy.
- 10.17 Other than as provided in the City Code there are no rules or provisions relating to mandatory takeover bids in relating to the Ordinary Shares. There are no rules or provisions relating to squeeze-out and/or sell-out rules relating to the Ordinary Shares.

## **11. AVAILABILITY OF DOCUMENTS**

Copies of this document are available for collection free of charge during normal business hours on any weekday (Saturdays and relevant public holidays excepted) from the offices of Grant Thornton Corporate Finance, Grant Thornton House, Melton Street, Euston Square, London NW1 2EP for a period of one month from the date of Admission.

6 June 2007