

GANJAM TRADING COMPANY PRIVATE LIMITED

Regd Office: Continental Building, 135, Dr A. B. Road, Worli, Mumbai-400018

NOTICE

NOTICE is hereby given that the Annual General Meeting of **GANJAM TRADING CO PVT LTD** will be held at the office of the Company at Continental Building, 135, Dr. A.B. Road, Worli, Mumbai -400 018 on Friday, the 28th September, 2007, at 2.00 p.m. to transact the following business:

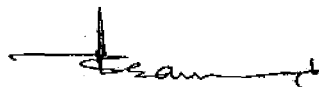
1. To Consider and adopt the Profit and Loss account for the financial year ended 31st March 2007, the Balance Sheet at that date and the Reports of the Directors and the Auditors thereon.
2. To Consider and Appoint Auditors

RESOLVED that pursuant to provisions of section 224 and other applicable provisions, if any, of the Companies Act, 1956 M/s. B. S. Sharma & Co. Chartered Accountants, Mumbai, be and are hereby reappointed as Auditors of the Company, to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company on a remuneration to be determined by the Board of Directors of the Company.

NOTE:

A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and such proxy need not be a member of the company. Proxies, in order to be effective, must be received by the company at its registered office not less than 48 hours before the meeting.

By Order of the Board
For Ganjam Trading Co. Pvt. Ltd



Ashok B Sanghvi
Director

Place : Mumbai
Dated : 03.09.2007

ANJAM TRADING COMPANY PVT LTD

Regd. Office: Continental Building, 135 Dr A B Road, Worli, MUMBAI-400 018

Directors' Report To The Members

Your Director's have pleasure in presenting the Annual Report and the Audited Statement of Accounts for the year ended 31st March 2007.

Outlook:

Your company is a registered Non-Banking Finance Company (NBFC) as per provisions of Section 45IA of the Reserve Bank of India Act, 1934.

The company is an investment company and continues to hold investments in equity shares of *Essel Group*. Following the buoyant conditions in the entertainment and other industries, unlocking values by way of merger, demerger, amalgamation etc., by the companies in which the company's quoted investments exist, the said equity investments have appreciated, resulting in enhancement of the shareholders values. The investments made by the company are long term strategic investments with an objective of achieving value enhancement for the benefit of the shareholders of the company. Considering the future prospects of the various business in which the investee companies are in, the company expects to achieve substantial value enhancement for the benefit of shareholders.

The company hold investments and stocks in equity shares of various companies, and are exposed to market risks in the case of quoted shares, in the form of reduction in value of its investments and fall in returns due to dip in the investee company's performance. The company is also exposed to the fluctuations of economy and industry cycle downturns.

Financial Highlights & Operations:

The operations during the year has resulted in a Profit before tax and NPA of Rs.600.00 lacs against previous year's loss of Rs.674.74 lacs. During the year write back of excess provisions made in earlier of NPA of Rs.133.85 Lakh is made, under the NBFCs' (Reserve Bank) Directions 1998 compared to net write back of Rs.119.70 lacs in the previous year. Interest expense had gone up from Rs.11,38.56 lacs to Rs.18,91.15 lacs due to increased business activities of investments in equities, advancing of loans and/or share application money etc. After making provision for Minimum Alternate tax of Rs.13.50 lacs (NIL) the net profit after adjustment for the year is Rs.720.57 lacs, which is contributed by sale of part of the investments in Zee Entertainment Enterprises Ltd., (formerly Zee Telefilms Ltd.), resulting in profit of Rs.1503.47 lacs. The company received as in earlier years, dividend and interest income.

During the year, the office premise acquired in central Mumbai, was leased to a corporate body for a lease rent. This has contributed Rs.90.44 lacs to the profits of the company. 1025 Equity shares of Rs.100/= each fully paid up were allotted during the year at a premium of Rs.6,71,900/= per share. Due to the said efforts in bringing back to the company to its health, by allotment of the said shares and earning of income as shown in the P & L account, your directors are pleased to inform you that the net worth of your company has turned positive at Rs.13.26 Crores. However, on the basis of the financial planning, restructuring of portfolios held, your board expect to better in the near future, by entering into new business activities, barring unforeseen circumstances.

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NJAM TRADING COMPANY PVT. LTD.**DIRECTORS' REPORT to members continued...****Dividend:**

In view of the necessity of funds for expansion and repayment of borrowed funds, your board has decided to plough back profits earned hence do not recommend any dividend on the Equity Shares.

Directors:

Mr. Ashok B Sanghvi and Mr Chhajuram Chaudhari, both the directors continued in the office as directors during the year.

N.B.F.C.'s Regulations by Reserve Bank of India (RBI):

Your directors, on the basis of the inspection report of the Reserve Bank of India under Section 45N of the RBI Act 1934, have written back the provisions by Rs.133.85 Lacs (Rs.119.70 lacs) no more required, under NBFC's Regulations. However, it has not accepted any public deposit and resolved not to accept the same in future without RBI's permission.

Director's Responsibility Statement:

Pursuant to Sec 217 (2AA) of the Companies Act, 1956, your Directors hereby state and confirm that:

In the preparation of Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, wherever required.

The Directors have selected accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the Profit of the Company for the year under review.

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

The Directors had prepared the annual accounts on a going concern basis.

None of the directors is disqualified under Section 274(1)(g) of the Companies Act 1956.

Auditors:

The Auditors, M/s B.S. Sharma & Co., Chartered Accountants, retire at the ensuing Annual General Meeting and being eligible have expressed their willingness to be re-appointed. You are requested to consider their re-appointment.

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NJAM TRADING CO PVT LTD. DIRECTORS' REPORT to members continued...

Auditor's Report:

The Auditor's have made observation/comments/remarks in their Report, which have been explained in the Notes to Accounts attached therewith and do not call for any further elucidation except that

Comments in Auditor's Report:

The Auditors' in their Report have referred to the Non-availability of certain shares for verification during the course of audit. The Directors confirm that the Share certificate is being received. However, letters of allotment is produced before them.

Wherever confirmations were not available, the loans advanced were unsecured and considered good. Your board is hopeful of recovering the dues from the parties concerned. The Board has filed an arbitration petition in the High Court of Mumbai and is in the process of hearings. Necessary provisions thereof have been made in the books of accounts.

The pledge of holding in Essel Propack Ltd. and Zee Entertainment Enterprises Ltd. (formerly known as Zee Telefilms Ltd), for the borrowing by the other bodies corporate is from strategic and future business relation, interest and has commercial advantage in future, hence no charges have been recovered from these companies.

The shares not available for auditor's verification, are being obtained.

Unsecured loans carrying no interest and terms and conditions have been given to promote the company's business interest directly or indirectly Part of such advance are out of the interest free borrowings and share application money or shares allotted during the year.

As regards other observations, the Notes forming part of the accounts are self-explanatory and do not require further elucidation.

Demerger of Zee Telefilms Ltd.,

During the year, as per the scheme of arrangement of demerger of Zee Telefilms Ltd., the company did receive the equity shares of resultant companies in the ratio as approved by the authorities concerned. The said shares were received during the year and are shown in the financial statements. The resultant companies include:

- a. Zee Entertainment Enterprises Ltd., (formerly known as Zee Telefilms Ltd)
- b. Zee News Ltd.,
- c. Wire and Wireless (India) Limited
- d. Dish TV India Ltd.,

The effect of demerger of Zee Telefilms Ltd., as approved by the authorities concerned, was given and the equity shares received of the resultant companies are considered in the financial statements.

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INJAM TRADING CO PVT. LTD. DIRECTORS' REPORT to members conti....

The restructuring by reduction of the subscribed and paid up capital of the company of ASC Enterprises Ltd., and subsequent allotment of Equity shares of DISH TV India Ltd., was also given effect in the financial statements. All the resultant companies shares were listed on the stock exchange prior to year end except of Dish TV India Ltd., which was listed on 18.04.2007.

Employees' Particulars:

The Companies (Particulars of Employees) Rules, 1975, As Amended:

The company has no employees, hence the information relating to remuneration in excess of limits specified in Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particular of Employees) Rules, 1975 is not furnished.

Other particulars:

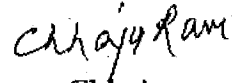
Other particulars as required under section 217 of the Companies Act, 1956, are not applicable to the Company. Particular as required in respect of conservation of energy, consumption of energy technology observation and foreign exchange earnings and outgo are not applicable as per section 217 (1) (a) read with (Disclosure of Particulars in the Board of Directors) Rules, 1988.

Appreciation

Your Directors wish to place on record their appreciation for the valuable cooperation and support from IDBI Bank Ltd., Federal Bank Ltd., HDFC Bank Ltd., UTI Bank Ltd., ICICI Bank Ltd., all the corporate bodies and all the concerns dealing with the company.

For and on behalf of the Board


Ashok B Sanghvi
Director


Chhajuram Chaudhari
Director,

Mumbai, 03.09.2007

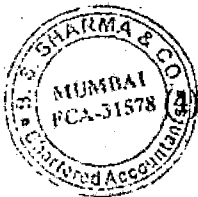
B. S. SHARMA & CO.,
Chartered Accountants

303, 3RD Floor, Guru Prabha Apartments, 507-508, TPS IV,
Sunder Nagar, Senapati Bapat Road, DADAR (W). Mumbai-400 028.
Tel : 66623197-24368252-FAX Email: bssharma@vsnl.net

AUDITORS' REPORT

To The Members of
GANJAM TRADING COMPANY PVT LTD
135, Dr A.B. Road, Worli, MUMBAI - 400 018.

- (1) We have audited the attached Balance Sheet of **GANJAM TRADING COMPANY PRIVATE LIMITED** as at **31st March 2007** and Profit & Loss Account for the year ended on that date Annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
- (2) We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- (3) As required by the Companies (Auditor's Report) Order 2003, as amended vide the Companies (Auditor's Report) (Amendment) Order 2004 dt 25th November 2004, issued by the Central Government in terms of Section 227 (4A) of the Companies Act, 1956, ("the Act") and on the basis of such checks of the books and records, as we considered appropriate and according to the information and explanation given to us during the course of Audit, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.



Further to our comments in the Annexure referred to in paragraph (3) above :

- (a). We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
- (b). In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
- (c). The Balance Sheet and Profit & Loss Account dealt with by this report are in agreement with the books of Accounts.

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B. S. SHARMA & CO.,
Chartered Accountants

Auditor's Report 31.03.07 Conti...
Ganjam Trading Co., Pvt Ltd.,

- (d). In our opinion, the Balance Sheet and Profit & Loss Account comply with the Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956, unless otherwise stated.
- (e). As per the information and explanations given and working provided, a sum of Rs.1,33,85,463 out of the provisions made, has been written back as against previous year's Rs.1,19,69,833, as required under the Non-Banking Financial Companies Prudential Norms (Reserve Bank) Direction 1998. The company has not accepted any public deposits and Board has resolved not to accept the same in future. The company has identified the group/subsidiary/holding companies and the cost of investments is disclosed whenever required in the audited statement of accounts attached. The company does hold these securities of group or holding or subsidiary companies as long term investment to the extent so disclosed during the accounting year.
- (f). On the basis of confirmations received from the directors and taken on record by the Board of directors, we report that none of the directors is disqualified as on 31st March 2007 from being appointed as a director in terms of Section 274 (1) (g) of the Companies Act 1956.

Read with: Following note in Schedule 14 to the financial statement for the year ended 31.03.2007

- (a) *Note No.6, non-availability of physical or credit in demat account;*
- (b) *Note no.7, no confirmations is available, in respect of loans and advances of Rs.92.50Crores (Rs.110.38 Crores) and Non-delive.ry of shares or refund of Rs25.00Crores (Rs.25.00 Crores) advanced under the Agreement dt 19.01.2001 with a body Corporate, since sub-judice;*
- (c) *Note no.8, regarding presentation of accounts on going concern concept and recovery of losses thereby turning the positive net owned funds to Rs13.26 Crores.;*
- (d) *Note no.12, regarding share application money paid of Rs.31.43Crores (Rs93.65Crores) pending allotment and confirmation by the investee companies.*
- Note No.14 relating to the unsecured loan taken over under an agreement of debt defeasance dt 02.03.1998;*
- (f) *Note No.15 relating to the allotment of 1025 Equity shares to NRI at a premium;*
- (f) *Note no.16, regarding pledge of company's Equity shares, for borrowing by other bodies corporate;*
- (g) *Note No.17 regarding valuation of equity shares held as investments;*
- (h) *Note no.19 regarding the Non-provision of Deferred tax asset/liability;*



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B. S. SHARMA & CO.,
Chartered Accountants

Auditor's Report 31.03.07 Conti...
Ganjam Trading Co., Pvt Ltd.,

- (i) Note No.29 relating to the scheme of demerger of Zee Entertainment Enterprises Ltd., and receipt of shares of resultant companies;
- (j) Note No.30 relating to the capital restructuring of ASC Enterprises Ltd.,
- (k) Note No.33 relating to the percentage of holdings in equities of investee companies as listed in the Schedule 5- Investments and Schedule 6- Stock in trade in the Statement of accounts.

AND the Significant Accounting Policies and other notes given in Schedule 14 of Notes on Accounts, in our opinion, and to the best of our information and according to the explanations given, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view:

- (i) In the case of Balance Sheet, of the State of affairs of the Company as at 31st March 2007, and
- (ii) In the case of the Profit & Loss Account, of the PROFIT of the Company for the year ended on that date.
- (iii) In the case of Cash Flow Statement, of the cash flows for the year ended on that date.



B S SHARMA
PROPRIETOR,
M.NO. FCA-31578
For B.S. SHARMA & Co.,
Chartered Accountants,

Date : 03.09.2007
Place : Mumbai

B. S. SHARMA & CO., Chartered Accountants

303, 3RD Floor, Guru Prabha Apartments, 507-508, TPS IV,
Sunder Nagar, Senapati Bapat Road, DADAR (W). Mumbai-400 028.
Tel : 6623197-24368252-FAX Email: bssharma@vsnl.net

To The Members of GANJAM TRADING CO PVT LTD
ANNEXURE TO THE AUDITORS REPORT

(Statement referred to in paragraph (3) of our report of even date on the Accounts for the year ended on 31st March, 2007).

1. FIXED ASSETS:

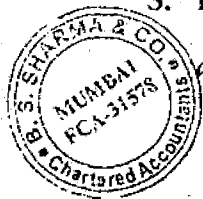
- (a) The Company has maintained records showing full particulars including quantitative details and situation of fixed assets.
- (b) The assets have been physically verified by the management during the year and no discrepancy has been noticed on such verification.
- © The company has not sold/disposed off any of its fixed assets during the year.

2. INVENTORIES:

- a) The company does not have any stock of inventories except stock in trade of equity shares. The physical verification of such stocks has been conducted by the management at reasonable intervals, *except for the stock of equities for which share certificates are not received or lying with the third parties.* In our opinion the frequency of verification is reasonable.
- b) In our opinion and according to the information and explanation given to us, the procedure of physical verification of inventories of shares, followed by the management was reasonable and adequate in relation to the size of the company and nature of its business.
- c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its stock of shares and there was no discrepancies noticed on such physically verification, *except the non-availability of the shares for verification as per Note No. 6 to notes to accounts in Schedule 14.*

3. LOANS & ADVANCES:

- a) In accordance with the information and explanations given to us and as per the General Notice u/s 299 of the Companies Act, 1956 the Company has not granted or taken any secured or unsecured loan, to Companies, firms, or other parties covered in the register maintained under Section 301 of the Act. Accordingly, sub-clause (b), (c) and (d) are not applicable.
- b) As per the information and explanations given and as per the General Notice u/s 299 of the Companies Act, 1956, the company has not granted any loans or advance, secured or unsecured, to the Companies, firms or other parties as listed in the register maintained under Sec 301 of the Act, hence the sub-clause (f) and (g) are not applicable.



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B. S. SHARMA & CO.,
Chartered Accountants

Annexure to Auditor's Report 31.03.07 Conti...
Ganjam Trading Co., Pvt Ltd.,

- c) *As per the information and explanations given, there is no stipulations or the terms and conditions and confirmations in respect of loans or advances given of Rs.92.50 Crores (Rs.110.38 Crores) and no interest is charged thereon. Advance of Rs.25.00 Crores (Rs.25.00 Crores) given to a Body Corporate for acquisition of equity shares as per agreement dt 19.01.2001 is subject to confirmation and legal action for specific performance or recovery of the said amount. pending hearing and disposal by high court in Mumbai.*

Provision for NPAs written back during the year is Rs.1.34 Crores, against write back of Rs.1.20 Crores during the preceding year, as required under the RBI's Prudential Norms for NBFCs. There are no overdue amounts of loans taken from or granted at the year end, in absence of the terms and conditions thereof.

4. INTERNAL CHECKS, CONTROLS AND AUDIT:

In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and nature of its business for the purchase of equity of shares and fixed assets and for the sale of the shares and others. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in such internal controls systems.

5. In respect of transactions that needed to be entered in the register, have been so entered:

In our opinion and according to the information and explanations given, there are no transactions that need to be entered into the Register maintained under Section 301 of the Act.

6. *There is no internal audit system commensurate with the size and nature of the company's business, though applicable.*

In our opinion and according to the information and explanation given to us the Company has not accepted any deposit from public, except inter-corporate loans or deposits, which are excluded from the purview of the said section. Therefore, the compliance with the provisions of Section 58 and 58AA of the Companies Act 1956, and the Companies (Acceptance of Deposit) Rules 1975, with regard to the deposits from the public, is not applicable. The company has not accepted any public deposits and Board has resolved not to accept the same in future.

- 8 To the best of our knowledge and according to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under Section 209(1) (d) of the Companies Act 1956'



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