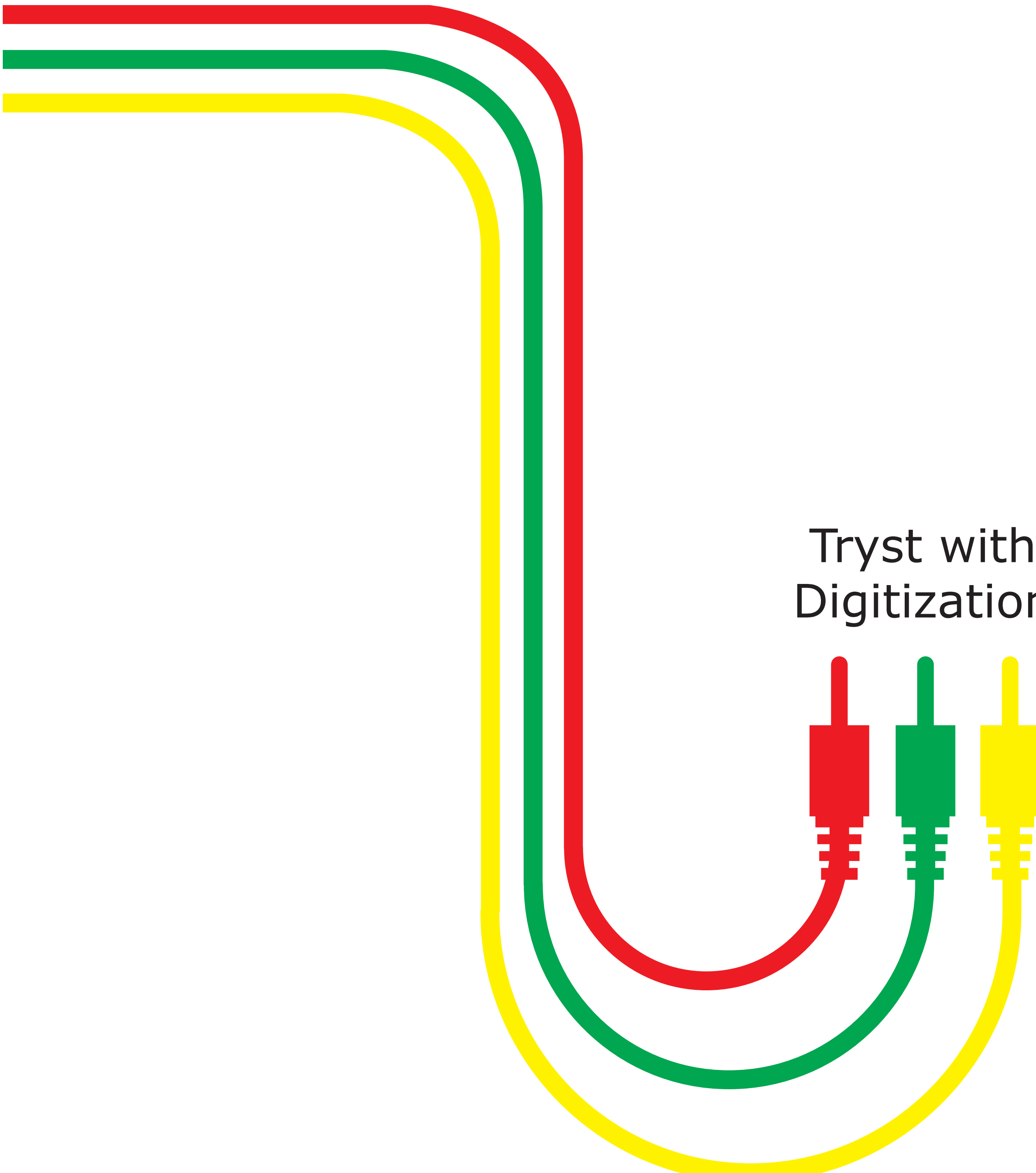
ANNUAL REPORT 2011-12

WIRE AND WIRELESS



Tryst with Digitization

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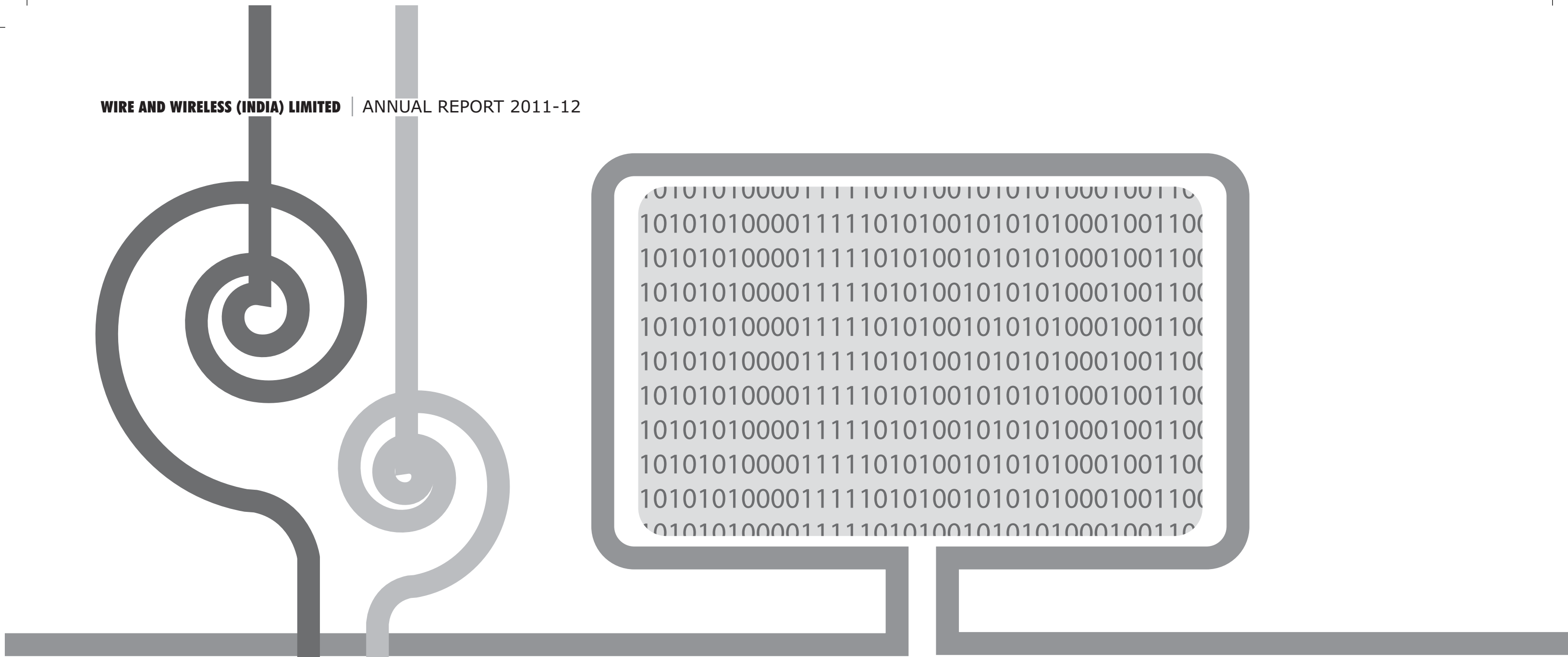
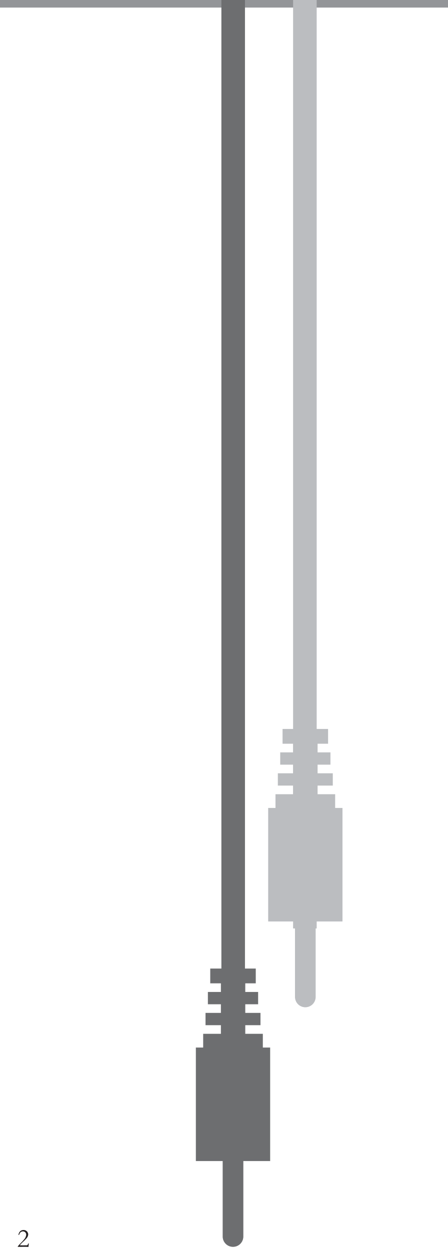
Small screen heads for big revolution

The Indian television industry is entering into a defining stage. Phase wise implementation of absolute digitization, with nationwide completion target of 2014, is a game changing initiative. Digitization is set to transform the way television is served, consumed, assessed and monetized in India.

For consumers, digitization brings an enhanced viewing experience, expanded channel pool, power to choose and pay only for the chosen channels. For broadcasters, it provides a fair pricing regime, enhances subscription earnings and fuels the content enhancement drive. For the exchequer, it opens up a significant income stream by inducing addressability. For content distributors, it marks the beginning of an organized and professional way of conducting business and opens up possibilities of multiplier revenues from television and numerous value added services (VAS).

In a nutshell, digitization will put in place a sustainable television ecosystem that thrives on a well defined, fair and transparent equation between its various stake holders. It will also provide an addressable growth platform for a fairly long-term period and empower the Indian television industry to match global standards.





Digital Cable is all set to lead and facilitate digitization

Strengths of Digital Cable

- Capacity to carry higher number of channels
- Efficient carrying capacity of voice and data
- Better picture quality
- Possibility of interactivity
- Minimal additional cost for customer to get digital
- Quality signal transmission in all weather conditions
- Ease of installation and usage
- Quick grievance redressal, due to the presence of LCOs

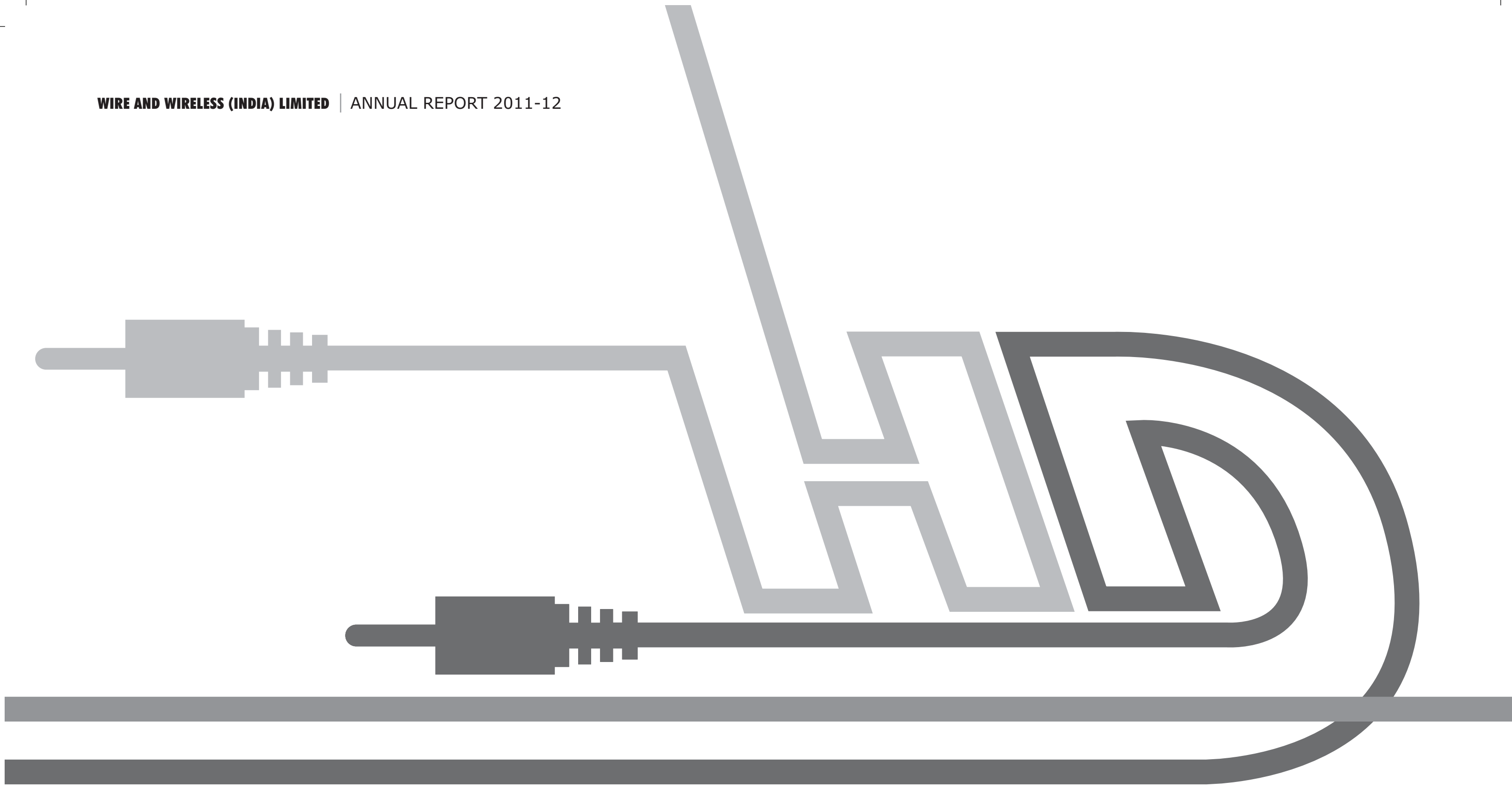
Digital revolution will transform the Cable TV landscape

Digitization, with an edge of technology and addressability in distribution, will play a major role in fuelling growth of the distribution industry and bring about transformational changes.

Digitized Cable Distribution and DTH, with their own unique propositions, have both coexisted to play their respective parts. Digital Cable has displayed superior service capabilities and dependability, while DTH has been reaching in remote areas lacking cable infrastructure. First amongst many is the Digital Cable's capability to carry a higher number of channels in both SD and HD formats. Then there is Digital Cable's in-built advantage of triple play, which enables delivery of broadband internet as well as landline telephony to connected homes.

Third decisive strength of Digital Cable is its durability and dependability in all weather conditions. Wired distribution with modern infrastructure and last-mile service capabilities not only makes the signal delivery dependable but also expedites complaint resolutions. Last but not the least is the inherent ease of payments at the consumers' end. Local Cable Operators (LCOs) serve as the face of Multi System Operators (MSOs). Personal connect with the consumer that the LCO personnel bring to cable TV distribution serves as a big facilitator.

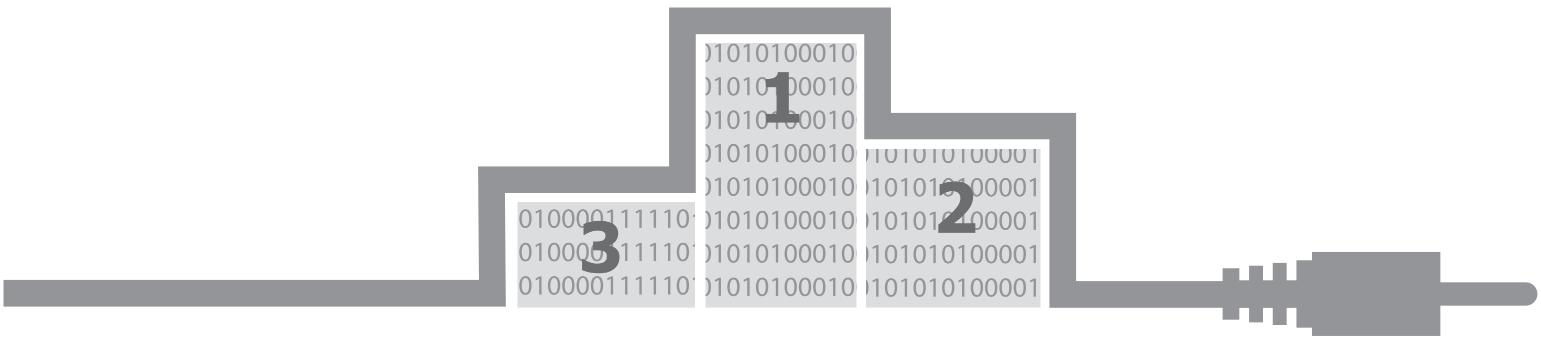
Empowered to carry broadband internet, the cable TV distributors additionally operate as Internet Service Providers (ISPs) in India. With possible legislative changes, the country can leverage the invested infrastructure of cable TV distributors for basic telephony at any time in the distant future.



Since its advent in early eighties as an unregulated small scale initiative, the cable TV distribution industry has made massive contribution in growing India's TV households to 146 million today. While the distribution industry focused on expanding its reach, there was significant progress in broadcasting, television device, HD content and consumer expectations all these years.

The broadcasting industry has grown to over more than 800 channels across multiple genres including niche ones. Majority of broadcasters are migrating to High Definition (HD) format in order to deliver an enhanced viewing experience. In light of all these advancements, the Indian cable TV distribution industry still is at a very nascent stage. It is an unorganized industry with thousands of LCOs and hundreds of MSOs, both varying in size from very small to reasonably big. Being unregulated and marred with lack of addressability, the industry stands highly fragmented with a significant distribution control resting with last-mile connector, the Local Cable Operator.

Digitization defines leadership benchmarks

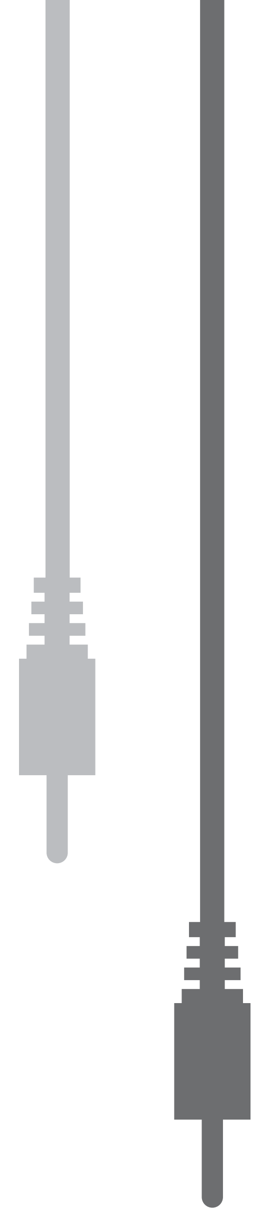


While consolidation of the vast pool of these smaller distributors (MSOs & LCOs) has been taking place over recent 4-5 years, there are no clear leaders in the Indian cable TV distribution industry as of today. Digitization is all set to define new benchmarks of leadership. Future leaders of this segment will need to demonstrate many traits and capabilities. They will be required to upgrade their physical and human infrastructure heavily. Leveraging best-in-class technology, aligning the interest of LCOs and partnering them, nullifying prevalent redundancies in the existing systems and maximizing efficiencies will hold the key. Credibility amongst broadcasters, consumers, investors, employees, distributors, and existing as well as potential LCOs will be a big enabler.

DIGITIZATION TIMELINES

Phases	Geographies Covered	Timeframe
Ph - I	Four Metros	31-Oct-12
Ph - II	Cities with over one million population	31-Mar-13
Ph - III	Rest of urban areas	30-Sep-13
Ph -IV	Rest of India	31-Dec-14

Source: Ministry of Information & Broadcasting (MIB)



"WWIL, being the pioneer cable TV distribution company in India, and also the first listed company from the industry, is ready to spearhead digitization in content distribution."

WWIL is ready
to pursue leadership

In order to digitize entire TV content distribution spectrum of India, a massive transformation of the age-old ecosystem is required. MSOs will have to be the driving force if the country has to meet this aspiration as well as timelines, on both the crucial aspects of digital distribution. On one hand, massive investment in up-gradation of network infrastructure and procurement of hundreds of millions of set-top box devices will need to be made. On the other hand, one must succeed in aligning the interest of LCOs, content aggregators, broadcasters and consumers in a fairer manner while complying with stipulated regulations.

WWIL has the wherewithal to achieve greater success out of digitization. It has taken a leadership stance at the stage of consultation itself and has voluntarily announced to offer 400 Standard Definition (SD) channels and 30 High Definition (HD) channels. WWIL's channel offering is highest in the industry today.

WWIL, being the pioneer cable TV distribution company in India, and also the first listed company from the industry, is ready to spearhead digitization in content distribution. Being part of USD 3.5 billion Essel Group which has a diverse portfolio of assets in media, packaging, entertainment, technology-enabled services, infrastructure development and education; WWIL draws additional strengths from the reputation and financial position of the Group's strong parentage. Secondly, the fact that Zee Network is the country's largest broadcaster, it gives WWIL a deeper understanding of the broadcasting side of the business. The Group's stakes in the largest content aggregator of India, Mediapro, brings another competitive strength to WWIL. Its relationship with LCOs is also the most experienced, giving it better understanding of how to integrate additional LCOs with it as it begins its accelerated march towards attaining leadership in Digital Cable Industry of India.

WWIL has an indispensable base of over 10 million customers spread across the country

Edge of Technology

Our cutting-edge technology enables us to provide superior quality services to our customers. With continuous technical up-gradations, WWIL has set a benchmark for the industry. WWIL deploys modern analogue and digital headends that are capable of carrying upto 106 channels on analogue and 400 channels on digital platforms. WWIL's digital platform is capable to offer 1000 channels in future. The up-gradations will help improve the quality of existing services and also help bring the infrastructure upto a world class level. The latest STM4 technology is being used for boosting the existing channel carrying capacity and scalability.

Edge of Reach

Continuous expansion of footprints is one of the key business strategies at WWIL. The Company today, is present in 58 cities and their adjoining areas across the country.

WWIL is consolidating its presence through strategic expansion in states like Uttar Pradesh and towns of Indore, Jaipur, Bhopal and Jabalpur in the central India region. The Company has 8 regional offices and 4000+ franchisee operators called LCOs. Apart from extensive geographical edge of reach the Company has its deep-rooted reach amongst it's investors as well.

WWIL's Facts

- Spread across 58 key cities and their adjoining areas
- 54 analogue and 13 digital headends
- Huge network of 12000kms of optical and coaxial fiber spread across the country
- Carrying digital signals on STM4 technology provides robust, redundant and scalable distribution network
- All products marketed under SITI brand
- Tie-ups with global technological giants:
  - Set Top Box Vendors – Changhong, Arion Technology Inc. and Handan
  - Digital Headends – Tandberg and Harmonics
  - Encryption Systems – Conax
  - Headend Equipments – CISCO