

Dish TV India Limited

Regd. Office: Essel House, B-10, Lawrence Road, Industrial Area, Delhi - 110 035
Corporate Office: FC-19, Sector-16A, Noida (U.P.) - 201 301

NOTICE

Notice is hereby given that the **21st Annual General Meeting** of the members of Dish TV India Ltd. will be held at NCUI Auditorium, 3, Siri Institutional Area, August Kranti Marg, New Delhi – 110 016 on Monday, the 3rd day of August, 2009, at 11:30 A.M. to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2009, the Profit and Loss account of the Company for the Financial Year ended on that date and the Reports of the Auditors' and Directors' thereon.
2. To appoint a Director in place of Dr. Pritam Singh, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Arun Duggal, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint M/s. MGB & Co., Chartered Accountants, as Auditors of the Company, to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting at a remuneration to be determined by the Board of Directors of the Company.

SPECIAL BUSINESS:

5. ***To consider and if thought fit, to pass, the following resolution, with or without modification(s), as a Special Resolution:***

“RESOLVED THAT pursuant to Article 100 of the Articles of Association of the Company, the provisions of Section 198, 269, 309, 310, 311 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 as amended and subject to such other approval(s) as may be required including approval of Central Government, consent be and is hereby accorded for the re-appointment of Mr. Jawahar Lal Goel, as the Managing Director of the Company for a period of 3 years effective from January 6, 2010 on the terms and conditions and the remuneration as detailed hereunder:

(1) Tenure -

Re-appointment for a period of 3 years from January 6, 2010.

(2) Remuneration

- a) Salary
His basic salary is fixed at Rs. 270,000/-per month. The annual increment will be on merit based, pursuant to necessary approvals.
- b) Perquisites
In addition to the basic salary payable, Mr. Goel shall be entitled to perquisites and allowances like:
 - a) House Rent Allowance (subject to a maximum of Rs.135,000/-per month)
 - b) Personal Allowance (subject to a maximum of Rs.151,850/-per month)
 - c) Medical reimbursement (subject to a maximum of Rs.15,000/-per annum)
 - d) Leave travel allowance (subject to a maximum of Rs. 270,000/-per annum)
 - e) Company's Contribution to Provident Fund as per the rules of the Company, Gratuity, leave and such other perquisites and allowances in accordance with the rules of the Company or as may be agreed to by the Board of Directors and Mr. Goel.
 - f) Provisions for the Company maintained car.
 - g) Driver Salary (subject to a maximum of Rs. 10,000/-per month)
 - h) Fuel Charges (subject to a maximum of Rs. 35,000/-per month)
 - i) Provision of Telephone at residence (subject to a maximum of Rs. 2,000 per month)
 - j) Mr. Goel will also be entitled to reimbursement of entertainment expenses and mobile expenses incurred by him for the purposes of the business of the Company.

Perquisites shall be evaluated as per Income Tax Rules, wherever applicable, in the absence of any such rules, perquisites shall be evaluated at actual cost.

c) Overall Remuneration

The aggregate of salary, perquisites and allowances in any one Financial Year shall not exceed the limits prescribed under Section 198, 309 and other applicable provisions of the Companies Act, 1956 read with Schedule XIII to the said Act as amended from time to time.

RESOLVED FURTHER THAT in the event of any statutory amendment or modification or relaxation in the provisions relating to the payment of remuneration to the managerial persons or to Schedule XIII to the Companies Act, 1956, the Board of Directors (hereinafter referred to as the “Board”, which term shall be deemed to include any committee thereof) be and is hereby authorized to vary the remuneration including salary, commission, perquisites etc. within such prescribed limits.

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorized to take such steps expedient or desirable to give effect to this resolution.”

6. To consider and if thought fit, to pass, the following resolution, with or without modification(s), as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Section 293(1)(d) and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof for the time being in force), authority and consent be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as the “Board”, which expression shall include a Committee of Directors duly authorised in this behalf) to borrow and raise such sum or sums of money or monies from time to time as may be required for the purpose of business of the Company notwithstanding that the money or monies to be borrowed by the Company (apart from temporary loans obtained from the Company’s bankers in the ordinary course of business) will exceed the aggregate of the paid-up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose, provided that the aggregate of such borrowings shall not exceed Rs.3,000 Crores at any point of time.”

7. To consider and if thought fit, to pass, the following resolution, with or without modification(s), as a Special Resolution:

“RESOLVED THAT pursuant to the provisions of Section 81(1A) and all other applicable provisions of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof, for the time being in force, such Act being referred to as the “Act”), the applicable provisions of Foreign Exchange Management Act, 1999 (“FEMA”), rules, regulations, guidelines, notifications and circulars issued under FEMA including but not limited to Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000, as amended, provisions of Issue of Foreign Currency Convertible Bonds and Ordinary Shares (through Depository Receipt Mechanism) Scheme, 1993, as amended, Chapter XIII of SEBI (DIP) guidelines and other applicable rules, regulations, guidelines, notifications and circulars of the Securities and Exchange Board of India (“SEBI”) and enabling provisions of the Memorandum and Articles of Association of the Company and the listing agreements entered into by the Company with the Stock Exchanges where the shares of the Company are listed, and subject to requisite approvals, consents, permissions and/or sanctions of SEBI, the Stock Exchanges, Reserve Bank of India, the Ministry of Information and Broadcasting, the Department of Industrial Policy and Promotion, Ministry of Commerce, the Foreign Investment Promotion Board, and all other authorities as may be required, whether in India or outside India, and subject to such conditions as may be prescribed by any of them while granting any such approval, consent, permission, and / or sanction which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the “Board” which term shall be deemed to include any committee thereof which the Board may have constituted or hereinafter constitute to exercise its powers including the powers conferred by this resolution), the Board be and is hereby authorized at its absolute discretion to create, offer, issue and allot in one or more tranches, in the course of domestic / international offerings to one or more persons as the Board may determine at its absolute discretion, whether or not they are members of the Company, including but not limited to domestic investors / foreign investors whether having presence in India or not / institutional investors / foreign institutional investors, members, employees, non-resident Indians, companies or bodies corporate whether incorporated in India or abroad, trusts, mutual funds, banks, financial institutions, insurance companies, pension funds, individuals or otherwise, whether shareholders of the Company or not, through a public issue, rights issue, preferential issue and / or private placement, with or without an over-allotment option, with or without reservation on firm and / or competitive basis of such part of the issue for such person or categories of persons as may be permitted, equity shares and / or equity shares through depository receipts including Foreign Currency Convertible Bonds and / or Global Depository Receipts and / or American Depository Receipts and / or Qualified Institutions Placement (QIP) and / or any other securities convertible into equity shares at the option of the Company and / or holder(s) of the securities and/or securities linked to equity shares and / or securities with warrants including any instruments or securities representing either equity shares and / or Foreign Currency Convertible Bonds or convertible securities or securities linked to equity shares or equity shares / fully convertible debentures / partly convertible debentures or any securities, which are convertible or exchangeable with equity shares at a later date (hereinafter, collectively referred to as “Securities”), secured or unsecured, listed on any Stock Exchange inside India, through an offer document and / or prospectus and / or offer letter and / or offering circular and / or information memorandum and / or any other offering document(s) including an umbrella or shelf offering document, and / or listing particulars, as the

Board in its sole discretion may at any time or times hereafter decide, for an aggregate amount not exceeding US\$ 200 Million (approximately Rs. 1000 Crores at the current rate of exchange), inclusive of such premium from time to time, such issue and allotment to be made at such time or times in one or more tranches, denominated in one or more currencies, at such price or prices in such manner and where necessary in consultation with the lead managers and / or underwriters and / or stabilizing agents and / or other advisors or otherwise on such terms and conditions as the Board may, in its absolute discretion, decide at the time of issue of Securities with or without any greenshoe option, through an offer document and / or information memorandum as the Board in its sole discretion decide.

RESOLVED FURTHER THAT without prejudice to the generality of the above, the aforesaid offer/issue of securities may have all or any terms or combination of terms in accordance with the prevalent market conditions including but not limited to terms and conditions relating to payment of interest, dividend, premium or redemption at the option of the Company and/or the holders of the securities including terms for offer/issue of additional equity shares or variation of the conversion price or period of conversion of securities in to equity shares or terms pertaining to voting rights or option(s) for early redemption of securities and the Board be and is hereby authorised to determine the form, terms, timing of the offer(s)/issue(s) including the class of investors, number of securities to be issued and/or allotted in each tranche, offer/issue price, face value, premium amount on issue / conversion of securities, redemption of securities, rate of interest, redemption period, listing on one or more Stock Exchanges in India or overseas as the Board may in its absolute discretion deem fit and to make and accept any modifications in the proposal as may be required by the authorities and to do all acts, deeds, matters and things as may be necessary and to settle any questions or difficulties that may arise in regard to the said offer(s)/issue(s) of securities.

RESOLVED FURTHER THAT the Board be and is hereby authorized to offer, issue and allot such number of ordinary equity shares ranking *pari-passu, inter-se*, with the then existing ordinary shares of the Company in all respects from time to time as may be required to be issued and allotted upon exercise of conversion option by the holder(s) of the securities in accordance with the terms of the issue of securities.

RESOLVED FURTHER THAT the consent of the Company be and is hereby granted in terms of Section 293(1)(a) and other applicable provisions, if any, of the Act and subject to all necessary approvals, to the Board to secure, if necessary, all or any of the above Securities to be issued by the creation of mortgage and / or charge on all or any of the Company's immovable and / or movable assets, both present and future, in such form and manner and on such terms as may be deemed fit and appropriate by the Board.

RESOLVED FURTHER THAT the Board and / or any entity, agency or body authorised and / or appointed by the Board may, upon issue of such Securities, issue depository receipts representing the underlying Securities issued by the Company in negotiable registered or bearer form with such features and attributes as are prevalent in international capital markets for instruments of this nature and to provide for the tradability and free transferability thereof as per international practices and regulations in or under such form and practices as may be prevalent in the international market.

RESOLVED FURTHER THAT for the purpose of giving effect to the above resolution and matters flowing there from, connected with and incidental to any of the matters mentioned in the aforesaid resolution, the Board be and is hereby authorized on behalf of the Company to take all actions and to do all such deeds, matters and things as it may, in its absolute discretion, deem necessary, desirable or expedient to the issue / offer or allotment or conversion of the aforesaid Securities, listing thereof with any of the international / domestic stock exchange(s) and to resolve and settle all questions and difficulties that may arise in the proposed issue / offer, allotment and conversion of any of the aforesaid Securities, utilization of the issue proceeds and to do all acts, deeds and things in connection therewith and incidental thereto as the Board may in its absolute discretion deem fit, without being required to seek any further consent or approval of the shareholders or otherwise to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution.”

8. To consider and if thought fit, to pass, the following resolution, with or without modification(s), as an Ordinary Resolution:

“RESOLVED THAT in accordance with the provisions of Section 16, 94 and other applicable provisions, if any, of the Companies Act, 1956, the Authorised Share Capital of the Company be and is hereby increased from Rs. 100,00,00,000/- (Rupees One Hundred Crores Only) divided into 100,00,00,000 Equity Shares of Re. 1/- each to Rs. 135,00,00,000/- (Rupees One Hundred and Thirty Five Crores Only) divided into 135,00,00,000 Equity Shares of Re. 1/- each by creation of additional 35,00,00,000 Equity Shares of Re. 1/- each and in consequence thereof the existing Clause V of the Memorandum of Association of the Company relating to share capital be substituted by the following clause :

“The Authorised Share Capital of the Company is Rs. 135,00,00,000/- (Rupees One Hundred and Thirty Five Crores Only) divided into 135,00,00,000 (One Hundred and Thirty Five Crores) Equity Shares of Re. 1/- (Rupees One) each with the power to increase or decrease, consolidate or sub-divide the shares under the provisions of the Companies Act, 1956.”

9. To consider and if thought fit, to pass, the following resolution, with or without modification(s), as a Special Resolution:

“RESOLVED THAT in accordance with the provisions of Section 31 of the Companies Act, 1956 and all other applicable provisions, if any of the Companies Act, 1956, the Articles of Association of the Company be and are hereby altered as follows:

After Article 3, the following new Article numbered 3A shall be inserted as under:

3A : Issue of Securities

The Company may issue Debentures, Debenture Stock or loan, loan stock, Global Depository Receipts (GDRs), American Depository Receipts (ADRs), Share Warrants or any other security convertible in to or exchangeable for the Shares of the Company or conferring the right to allotment or the option of right to call for allotment of shares of the Company, securities linked to Equity Shares, securities with Warrants, including Foreign Currency Convertible Bonds (FCCBs) and Foreign Currency Exchangeable Bonds (FCEBs) subject to, and in accordance with, applicable laws, including provisions of the Companies Act, 1956, the Securities and Exchange Board of India (SEBI) Guidelines, Regulations and instructions and subject to other applicable legal and regulatory provisions to any eligible person, including Qualified Institutional Buyers, Foreign / resident investors, Indian and or Multinational Financial Institutions, Mutual Funds, Banks, Non-Resident Indians, stabilizing agents and any other categories of investors, whether they be holders of shares of the Company or not.”

The Register of Members and Share Transfer Books of the Company will remain closed on June 30, 2009 (one day).

By order of the Board

Place : Noida
Date : June 18, 2009

Jagdish Patra
Company Secretary

Registered Office:

Essel House, B-10,
Lawrence Road, Industrial Area,
Delhi - 110 035

NOTES:

- 1. A member entitled to attend and vote at the meeting may appoint a proxy to attend and vote on a poll on his behalf. A proxy need not be a member of the Company.**

Proxies, in order to be effective, must be received at the Registered Office of the Company not less than 48 hours before the commencement of the Annual General Meeting.

2. Corporate Members are requested to send to the Registered Office of the Company, a duly certified copy of the Board Resolution, pursuant to Section 187 of the Companies Act, 1956, authorising their representative to attend and vote at the Annual General Meeting.
3. Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956, relating to the Special Businesses to be transacted at the Annual General Meeting is annexed.
4. Additional information, pursuant to Clause 49 of the Listing Agreement with Stock Exchanges, on Directors, recommended by the Board of Directors for appointment/re-appointment at the Annual General Meeting forms part of the Report on Corporate Governance in the Annual Report.
5. Members/Proxies should bring their Attendance Slips along with copy of the Annual Report to the meeting.
6. Members who are holding Company's shares in dematerialized form are required to bring details of their Depository Account Number for identification.
7. Queries on accounts and operations of the Company, if any, may be sent to the Company Secretary seven days in advance of the meeting so as to enable the Management to keep the information ready at the meeting.
8. All documents referred to in the accompanying Notice are open for inspection at the Registered Office of the Company on all working days, except Saturdays between 2 P.M. to 4 P.M. upto the date of the Annual General Meeting.
9. Members holding equity shares in physical form are requested to notify the change of address, if any, to the Company's Registrar and Share Transfer Agent, Sharepro Services (India) Pvt. Ltd., 13AB, Samhita Warehousing Complex, Second Floor, Sakinaka Telephone Exchange Lane, Off Andheri Kurla Road, Sakinaka, Andheri (East), Mumbai - 400 072, India.

10. Under Section 109A of the Companies Act, 1956, shareholders are entitled to make nomination in respect of shares held by them in physical form. Shareholders desirous of making nominations are requested to send their requests in Form No.2B in duplicate (which will be made available on request) to M/s. Sharepro Services (India) Pvt. Ltd.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

ITEM NO. 5

Mr. Jawahar Goel was appointed as the Managing Director of the Company for a period of 3 years effective from January 6, 2007 and the said appointment would expire on January 5, 2010. During the tenure of Mr. Goel as the Managing Director, the Company has made considerable progress in all spheres and has since achieved tremendous growth and acquired goodwill and reputation in business.

Your Board feels that the Company should continue to avail the services of Mr. Goel as a very able and experienced person and accordingly your Board has, subject to your approval, in the meeting held on June 18, 2009 has re-appointed Mr. Jawahar Lal Goel as the Managing Director of the Company for a further period of three years with effect from January 6, 2010, at a remuneration approved by the Remuneration Committee on June 18, 2009.

As the re-appointment of Mr. Jawahar Lal Goel is subject to the approval of Central Government, information / statements pursuant to Schedule XIII to the Companies Act, 1956 are given hereunder:

I. GENERAL INFORMATION:

- Nature of Industry: The Company is engaged in providing Direct-to-Home ('DTH') service comprising of distribution of satellite based television signals, constituting Channels, pursuant to a DTH license issued by the Ministry of Information & Broadcasting, Government of India (MIB). The Company is also into the business of providing Teleport Services (uplinking and space segments) to the broadcasters of various channels.
- Date of Commencement of Service: October 2, 2003
- Financial Performance: For Financial Year 2008-09 (Rs. In Lakhs)

| | |
|---------------------------------------|-------------|
| Revenue | 73,769.45 |
| EBITDA | (18,744.17) |
| PAT Before Exceptional Items | (47,627.74) |
| PAT After Exceptional Items | (47,627.74) |
| EPS Before Exceptional Items (In Rs.) | (10.02) |
| EPS After Exceptional Items (In Rs.) | (10.02) |
| Total Assets | 209,693.65 |
| Shares Outstanding (No.) | 946,372,395 |

| Financial Performance | |
|--|-------------|
| DTH Revenue/ Income from Operations | 69,045.37 |
| Teleport Revenue/ Income from Operations | 1,330.63 |
| Sales/ Income from Operations | 953.30 |
| Operating Margin (PBT + Interest) | (40,284.92) |
| Net Margin (After Exceptional Items) | (40,284.92) |

| Balance Sheet | |
|--|---------|
| Current Ratio | 0.56 |
| ROCE (PBIT/Effective Capital Employed) | (0.27) |
| Per Share Data (Annualized) | |
| Revenue Per Share | 15.52 |
| EPS (Before Exceptional Items) | (10.02) |

- Export Performance and net foreign exchange collaboration: Nil
- Foreign investments or collaborators, if any: Nil

II. INFORMATION ABOUT APPOINTEE:

- a. **Background details:** Mr. Goel ventured into a trade of Agro Commodities at a young age of 16 years in 1970. He played a vital role in conceptualizing & establishing Siti Cable Network Ltd. (a Multi System Operator) - one of the largest cable distribution network of various TV channels in India in 1994. Mr. Goel is actively involved in creation and expansion of Essel Group of Industries. He is a Prime architect in establishing India's most modern and advanced technological infrastructure for the implementation of Conditional Access System (CAS) and Direct To Home (DTH) services. He has been a prophet in pioneering the DTH services in India and instrumental in establishing Dish TV as a prominent brand with India's most modern and advanced technological infrastructure.
- b. **Past Remuneration:** The Ministry of Corporate Affairs, Government of India, vide its approval no. 12/259/2007-CL-VIII dated September 20, 2007, approved the payment of remuneration of Rs. 61,74,000/- per annum to Mr. Jawahar Lal Goel for the initial term of his appointment i.e from January 6, 2007 to January 5, 2010. The Company has been paying the approved remuneration to Mr. Goel since January 6, 2007.
- c. **Recognition or awards:** Mr. Goel is the President of Indian Broadcasting Foundation (IBF) which takes up various issues relating to Broadcasting industry at various forums. He is active member on the Board of various committees and task force, set up by Ministry of Information & Broadcasting, Govt. of India (MIB) which takes care of several critical matters relating to the industry. He is a prime architect in establishing India's most modern and advanced technological infrastructure for the implementation of CAS and DTH services through "HITS".
- d. **Job Profile and its suitability:** Mr. Goel is a technocrat having around 40 years diversified experience including in the entertainment industry. In view of his rich experience, dynamism and recognition, your board feels that Mr. Goel would be the most competent person to continue as the Managing Director of the Company.
- e. **Remuneration Proposed:**
 - 1) **Basic Salary :** Rs. 270,000/- per month. The annual increment will be on merit based, pursuant to necessary approvals.
 - 2) **Perquisites :** In addition to the basic salary payable, Mr. Goel shall be entitled to perquisites and allowances like:
 - House Rent Allowance (subject to a maximum of Rs. 135,000/- per month)
 - Personal Allowance (subject to a maximum of Rs. 151,850/- per month)
 - Medical reimbursement (subject to a maximum of Rs. 15,000/- per annum)
 - Leave travel allowance (subject to a maximum of Rs. 270,000/- per annum)
 - Company's Contribution to Provident Fund as per the rules of the Company, Gratuity, leave and such other perquisites and allowances in accordance with the rules of the Company or as may be agreed to by the Board of Directors and Mr. Goel.
 - Provisions for the Company maintained car
 - Driver Salary (subject to a maximum of Rs. 10,000/- per month)
 - Fuel Charges (subject to a maximum of Rs. 35,000/- per month)
 - Provision of Telephone at residence (subject to a maximum of Rs. 2000/- per month)
 - Mr. Goel will also be entitled to reimbursement of entertainment expenses and mobile expenses incurred by him for the purposes of the business of the Company.

Perquisites shall be evaluated as per Income Tax Rules, wherever applicable, in the absence of any such rules, perquisites shall be evaluated at actual cost.
- f. **Comparative Remuneration profile with respect to industry, size of the Company, profile of the position and person:** Currently there are only five players venturing into this business of DTH. Remuneration of the Managing Director/Managerial Personnel are not comparable, as the other DTH players are either Private Limited Companies or Unlisted Companies.
- g. **Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any:** NIL

III. OTHER INFORMATION :

- a. **Reasons of loss or inadequate profit:** The Company continues to acquire customers and incur subsidy on all such acquisitions. Moreover, we are also spending on brand building, marketing, infrastructure, customer support service, sales and distribution infrastructure etc. The benefit of which will accrue in later years. Fixed cost pertaining to salary, administration and transponder charges continues to create heavy toll on the finances of the Company. Recent competition has also led to margin pressure and sub-optimal pricing of the product.
- b. **Steps taken or proposed to be taken for improvement:** The Company has already achieved EBITA break-even in the fourth quarter of FY-2009 and is hopeful of achieving such break-even on a full year basis during the current Financial Year. Several

steps taken to contain the cost across all the heads of expenses and augmentation of revenue by movie on demand and other value added services has led to higher income and such efforts will continue in the years to come.

- c. Expected increase in productivity and profits in measurable terms :** We are hopeful of achieving break-even at operating cash level in FY-2011 with a subscriber base of around 11 million.

The Board of Directors of the Company at its meeting held on June 18, 2009 has appointed Mr. Jawahar Lal Goel as Managing Director for a period of three years with effect from January 6, 2010 on the terms and conditions as approved by the Remuneration Committee of Directors and as set out in the proposed Resolution of the convening Notice.

Accordingly, your Directors recommend the resolution as set out in the convening Notice for your approval.

Mr. Jawahar Lal Goel, Executive Director and Mr. Subhash Chandra, Non-Executive Director and Chairman of the Board are related and hence interested. Apart from the above, no other Director is in any way concerned or interested in the aforesaid Resolution.

The Board recommends this Special Resolution for your approval.

The given particulars of his appointment and remuneration as stated above, may be treated as an Abstract pursuant to Section 302 of the Companies Act, 1956

ITEM NO. 6

Members, at the meeting held on May 29, 2008 had authorized the Board to borrow, in excess of the paid up capital of the Company and its free reserves, up to an amount not exceeding Rs. 2,000 Crores.

To facilitate future business expansions and considering the proposed issue of securities convertible into equity shares, it is desirable that the existing authority for borrowings by the Company be enhanced and it is, therefore, proposed to enhance the borrowing limits delegated to the Board from the existing Rs. 2,000 Crores to Rs. 3,000 Crores and accordingly your approval is sought under the provisions of Section 293(1)(d) of the Companies Act, 1956.

None of the Directors of the Company are in any way concerned or interested in the Resolution. The Board recommends the Resolution for your approval.

ITEM NO. 7, 8 & 9

As the Members are aware, the main business of your Company viz. Direct-to-home (DTH) business is highly capital intensive requiring huge financial resources from time to time. Your Board has been meeting these requirements through borrowings from Banks / Financial Institutions, rights issue proceeds and requisite funding from Promoter Group from time to time. Your Board is in the process of making the first call on the rights issue. Considering the funding needs and current market conditions, in order to augment the resources available to the Company, it is also proposed to offer, issue and allot, Foreign Currency Convertible Bonds (FCCBs), and / or other equity linked securities and / or securities convertible into equity shares, at later date, and / or Global Depository Receipts (GDRs) and / or American Depository Receipts (ADRs) and / or Qualified Institutions Placement (QIP), up to a sum not exceeding US\$ 200Million (approximately Rs. 1000 Crores at the current rate of exchange).

In terms of the requirements of Section 81(1A) of the Companies Act, 1956, the said offer and issue of FCCBs or similar securities with conversion option for converting the said Bonds into equity shares would require your consent and approval. To facilitate issue of shares, if any, arising out of conversion of the said securities your approval would be necessary to increase the existing authorized share capital of the Company from the present Rs. 100 Crores to Rs. 135 Crores, and the proposed amendment to the Memorandum of Association of the Company is consequential in nature.

The alteration of Articles of Association is to enable the Company to raise money, both in India and Abroad, by issue of all types of securities. It also enables the Company to create, issue, allot any existing or new financial instruments that may be available in Capital market.

None of the Directors of the Company is, in any way, concerned or interested in the resolution except in the capacity of the Shareholder(s) of the Company.

Your Directors, therefore, recommend the resolutions number 7 and 9 to be passed as Special Resolutions and resolution number 8 as Ordinary Resolution by the members.

By order of the Board

Place : Noida
Date : June 18, 2009

Jagdish Patra
Company Secretary

Registered Office:
Essel House, B-10,
Lawrence Road, Industrial Area,
Delhi - 110 035

CERTIFICATE PURSUANT TO CLAUSE 49 V OF THE LISTING AGREEMENT

We, Jawahar Lal Goel, Managing Director and Rajeev Dalmia, Chief Financial Officer do hereby certify to the Board that :-

We have reviewed the Balance Sheet as at March 31, 2009, the Profit and Loss Account and the Cash Flow Statement for the year ended on that date and that to the best of our knowledge and belief :

- (i) the said statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
- (ii) the said statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.

We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

During the year :-

- (i) there have not been any significant changes in internal control over financial reporting;
- (ii) there have not been any significant changes in accounting policies; and
- (iii) there have been no instances of significant fraud of which we are aware that involve management or other employees having significant role in the Company's internal control system over financial reporting.

Jawahar Lal Goel
Managing Director

Rajeev K. Dalmia
Chief Financial Officer

Noida, June 18, 2009

DECLARATION PURSUANT TO CLAUSE 49 I (D) (ii) OF THE LISTING AGREEMENT

In accordance with Clause 49 I (D) (ii) of the Listing Agreement with the Stock Exchanges, I hereby confirm that the Board Members and Senior Management of the Company have affirmed their compliance with the Code of Conduct as applicable to them for the Financial Year ended March 31, 2009.

Jawahar Lal Goel
Managing Director

Noida, June 18, 2009

Directors' Report

To the Members,

Your Directors are delighted to present the Twenty-first Annual Report together with the Audited Statement of Accounts of the Company for the financial year ended March 31, 2009.

RESULTS OF OPERATIONS

(Amount in thousands)

| | FY 2008-09 | FY 2007-08 |
|-------------------------------------|--------------------|--------------------|
| Sales & Services | 7,376,945 | 4,133,183 |
| Other Income | 12,721 | 23,986 |
| Total Income | 7,389,666 | 4,157,169 |
| Total Expenses | 12,145,168 | 8,283,323 |
| Profit/(Loss) before Tax | (4,755,502) | (4,126,153) |
| Provision for Taxation (net) | 7,272 | 5,893 |
| Profit/(Loss) after Tax | (4,762,774) | (4,132,046) |
| Profit/(Loss) for the Year | (4,762,774) | (4,132,046) |
| Add: Balance brought forward | (6,650,861) | (2,518,815) |
| Amount available for appropriations | (11,413,635) | (6,650,861) |
| Appropriations: | | |
| Dividend | Nil | Nil |
| Tax on Dividend | Nil | Nil |
| General Reserve | Nil | Nil |
| Balance carried forward | (11,413,635) | (6,650,861) |

BUSINESS OVERVIEW

The year gone by witnessed the emergence of high intensity competition, with three new players joining the fray, taking the category to a competitive five players scenario. Aggressive marketing initiatives were launched by almost all players in the category, resulting in the number of subscribers in the category almost doubling, as compared to previous year. Greater emphasis was laid on quality customer service, distribution infrastructure enabling better product penetration in remote and far-flung areas, enhanced focus on brand building with more and more celebrities joining the DTH endorsement bandwagon for different brands, thereby leading to wider acceptability, penetration and adoption of the product across consumer segments.

During the year under review, the number of new dish tv subscribers acquired annually, doubled from one million to two million, taking the total subscriber base to over 5 million, giving the brand a cumulative market share of 42% at year end. The key highlights of the year included greater emphasis on revenue enhancement, further widening of the dealer and distributor network, augmentation of dish Care Centers and dish Shoppes, establishment of new channels of sales in corporate and direct sales arenas, reduction of content cost leading to competitive value proposition for the subscriber culminating into the introduction of a new package tiering structure, launch of new services namely Bhakti Active, ICICI Active, Astro Active, Shaadi Active, Naukri Active, new titles, Movie on demand, Premiere etc.

Key successful market initiatives launched this year were, the legendary "Box Free" scheme, just before the new entrants launch that marked a paradigm change for pricing in the market, the "Happy Home" package which contributed tremendous volumes and positive skews of market share during the festive season, the "Hattrick" offer in south which provided a preferential brand swing in the southern states, the "Recharge Free" scheme that enhanced ticket size and make the recharge business very lucrative for the trade and subscribers equally. The year ended with the introduction of the "Sabse Zyada" channels packaging and the launch of a-la-carte packs which enhanced the value-for-money quotient for the dish tv subscribers.

SUBSIDIARY OPERATIONS

Your Company has three subsidiaries viz : Integrated Subscriber Management Services Limited (ISMSL), Agrani Satellite Services Limited (ASSL) and Agrani Convergence Limited (ACL).

Ministry of Corporate Affairs, Government of India has, vide its letter no. 47/200/2009-CL-III dated March 20, 2009, granted exemption to the Company from applicability of provisions of Section 212(1) of the Companies Act, 1956, relating to attachment of the accounts of subsidiary companies to its Annual Accounts for the financial year ended March 31, 2009. Accordingly, Annual Accounts of the subsidiaries for the current financial year are not being attached with the Annual Report of the Company. Financial highlights of the subsidiary companies are disclosed in the Annual Report and the Annual Accounts of the subsidiary companies are available for inspection by any member of the Company who may be interested.

As required by Accounting Standard-21 issued by the Institute of Chartered Accountants of India, the financial statements of the Company reflecting the Consolidation of the Accounts of its subsidiaries to the extent of equity holding of the Company in these Companies are included in this Annual Report.

SHARE CAPITAL

During the Financial Year 2008-09, the members, at the Extra-ordinary Annual General Meeting held on May 29, 2008, have approved the increase of the Authorized share capital from Rs. 73 crores to Rs. 100 crores.

RIGHTS ISSUE OF SHARES & ITS UTILISATION

Your Company has come up with Rights issue of 51,81,49,592 equity shares of Re. 1/-, issued at Rs. 22/- per share (including premium of Rs. 21/- per share), payable in three installments i.e. Rs. 6/- (including Re. 0.50/- towards capital) on application, Rs. 8/- (including Re. 0.25/- towards capital) shall be payable after three months but within a period of nine months and balance Rs. 8/- (including Re. 0.25/- towards capital) payable after nine months but within 18 months, from the date of the allotment.

The issue opened on December 12, 2008 and closed on January 9, 2009. Pursuant to the issue of further shares on rights basis, the paid up capital of your Company has been increased from Rs. 428,222,803 to Rs. 687,297,599 comprising of 428,222,803 equity shares of Re. 1 each, fully paid up and 518,149,592 equity shares of Re. 1 each, paid up Re.0.50 per share. The shares issued on rights basis are listed at the National Stock Exchange of India Limited (NSE), the Bombay Stock Exchange Limited and the Calcutta Stock Exchange Association Limited (CSE).

The Company has received a sum of Rs. 3,108,897,552 towards the Share application money from the aforesaid Issue of Shares on Rights basis. The utilisation of proceeds of the money raised by the Company through Rights Issue as on March 31, 2009, has been utilised as under:

| Particulars | Amount (Rs.) |
|---|----------------------|
| Repayment of Loans | 2,842,144,315 |
| Payment of issue expenses | 31,951,867 |
| Acquisition of consumer premises equipments | 129,740,858 |
| General corporate purpose | 105,060,512 |
| Total | 3,108,897,552 |

PUBLIC DEPOSITS

During the year, your Company has not accepted any Deposits under Section 58A and Section 58AA of the Companies Act, 1956, read with Companies (Acceptance of Deposits) Rules, 1975.

CORPORATE GOVERNANCE

A separate report on Corporate Governance together with Auditors' Certificate on compliance is attached to this Annual Report and also a Management Discussion and Analysis statement.

DIRECTORS

Mr. Arun Duggal and Dr. Pritam Singh, Directors, retire by rotation at the ensuing Annual General Meeting of your Company and, being eligible, have offered themselves for the re-appointment.

Your Board has recommended their re-appointment.

AUDITORS

Statutory Auditors M/s MGB & Co., Chartered Accountants, Delhi, retire at the ensuing Annual General Meeting and, being eligible, offer themselves for re-appointment.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNING AND OUTGO

Information required to be provided under Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, in relation to Conservation of Energy and Technology Absorption are currently not applicable to the Company and therefore particulars in connection therewith are as under:

- a) Conservation of Energy - Nil
- b) Technology Absorption - Nil

Particulars of foreign currency earnings and outgo during the year are given in Note 37.3 to the notes to the Accounts forming part of the Annual Report.

PARTICULARS OF EMPLOYEES

Information required to be furnished in terms of Section 217(2A) of the Companies Act, 1956 ('Act') read with the Companies (Particulars of Employees) Rules, 1975, is required to be set out as an annexure to this report. However, in terms of Section 219(1)(b) of the Act, the Report and Accounts are being sent to the shareholders excluding the aforesaid annexure. Any shareholder interested in obtaining copy of the same may write to the Company Secretary at the Corporate Office. None of the employees, except Mr. Jawahar Lal Goel, listed in the said annexure are related to any Director of the Company.

CREDIT RATING

Your Company has obtained credit rating of Care AA(SO) from Credit Analysis and Research Ltd. (CARE) for its long term banking facilities. CARE rating, 'CARE AA(SO)' indicates adequate safety for timely servicing of debt obligations, and the same has been communicated to the Company by CARE vide their letter dated March 31, 2009.

HUMAN RESOURCE MANAGEMENT

Your Board believes that Employees are vital to the Company. Your Company has created a favourable work environment which encourages innovation and meritocracy. The Company has also set up a scalable recruitment and human resource management process which enables us to attract and retain high caliber employees.

EMPLOYEES STOCK OPTION (ESOP) SCHEME

Pursuant to the special resolution passed by the Members at the AGM held on August 3, 2007, your Company has implemented an Employees Stock Option Scheme (ESOP-2007) to reward our employees for their past association with the Company and performance and also to motivate them to contribute to the growth and profitability of the Company.

Keeping in view the downturn of the stock market resulting in substantial reduction of Stock price of your Company, the Board on July 28, 2008, had proposed to re-price the granted outstanding options, which was approved by the shareholders at the AGM held on August 28, 2008. Consequently, 1,695,750 granted outstanding options were re-priced at Rs. 37.55, being the closing market price at the highest traded Stock Exchange determined as per the SEBI guidelines.

A Certificate from the Statutory Auditors of the Company M/s MGB & Co., Chartered Accountants, Delhi, with respect to the implementation of Company's ESOP Scheme, will be placed before the shareholders in the ensuing Annual General Meeting and a copy of the same shall be available for inspection at the corporate office of the Company on

all working days (except Saturdays and Sundays) between 2.00 p.m. to 5.00 p.m., upto the date of the ensuing Annual General Meeting. The applicable disclosures as stipulated under the SEBI Guidelines as at the date of Board Meeting i.e. June 18, 2009, are annexed herewith and forms part of this report.

RESPONSIBILITY STATEMENT

In terms of and pursuant to Section 217(2AA) of the Companies Act, 1956, your Directors, in relation to the Annual Statement of Accounts for financial year 2008-2009, state and confirm that:

- the Accounts had been prepared on a 'going concern' basis and in such preparation the applicable accounting standards had been followed with proper explanation relating to material departures;
- your Directors had selected such 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 that year; and
- your Directors had taken proper and sufficient care for maintenance of adequate accounting records in accordance

with the provisions of the Companies Act, 1956, as amended, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

ACKNOWLEDGEMENTS

Your Directors take this opportunity to place on record their appreciation of the dedication and commitment of employees at all levels that has contributed to the success of your Company. Your Directors thank and express their gratitude for the support and co-operation received from the Central and State Governments – mainly the Ministry of Information and Broadcasting (MIB), the Department of Telecommunication (DoT) and Foreign Investment Promotion Board (FIPB), Ministry of Finance - and other stakeholders including viewers, vendors, bankers, investors, service providers as well as regulatory and governmental authorities.

For and on behalf of the Board

Jawahar Lal Goel
Managing Director

B D Narang
Director

Place : Noida
Date : June 18, 2009

Annexure to Directors' Report

Disclosures as stipulated under the SEBI (Employee Stock Option Scheme & Employee Stock Purchase Scheme) Guidelines, 1999 and forming part of Directors' Report

| S. No. | Particulars | Grant of Options | | |
|--------|---|---|------------------------|------------------------------|
| | | Date of Grant | No. of Options Granted | Exercise price/ Equity Share |
| A | Details of Options Granted and Exercise price of Options | August 21, 2007 | 30,73,050 | Rs. 75.20* |
| | | April 24, 2008 | 1,84,500 | Rs. 63.25* |
| | | August 28, 2008 | 30,000 | Rs. 37.55 |
| | | May 28, 2009 | 5,89,200 | Rs. 47.65 |
| B | Total number of options granted | 38,76,750 | | |
| C | Total options vested (includes options exercised) | NIL | | |
| D | Options exercised | NIL | | |
| E | Options forfeited/ lapsed/ cancelled | 18,21,000 | | |
| F | Total number of Equity Shares arising as a result of full exercise of options already granted | 20,55,750 | | |
| G | Variations in terms of options | NIL | | |
| H | Money realised by exercise of options | NIL | | |
| I | Options outstanding (in force) | 20,55,750 | | |
| J | Pricing Formula/Exercise price | The latest available closing market price prior to the date of the meeting of the Remuneration Committee in which the options are granted/shares are issued (Grant Date) on the Stock Exchanges | | |

Annexure to Directors' Report

| | | | | |
|---|---|------------------------------|------------------------------------|-------------------------------------|
| K | Person wise details of options granted: | | | |
| | Directors and key managerial employees | | | |
| | Name | Designation | No. of options granted | No. of options outstanding |
| | Amitabh Kumar | President –Technology | 1,64,700 | 1,64,700 |
| | Rajiv Khattar | President – Projects | 1,67,950 | 1,67,950 |
| | Rajeev K. Dalmia | Chief Financial Officer | 1,71,100 | 1,71,100 |
| | Salil Kapoor | Chief Operating Officer | 1,42,950 | 1,42,950 |
| | Any other employee who received a grant of options amounting to 5% or more of the total options granted | | | |
| | Name | Designation | No. of options granted | No. of options outstanding |
| | V.K. Gupta | Chief Operating Officer - IT | 97,200 | 97,200 |
| | Identified employees who are granted options, during any one year equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant | | | None |
| L | Difference, if any, between employee compensation cost (calculated using the intrinsic value of stock option) and the employee compensation cost (calculated on the basis of fair value of options) | | | None |
| M | Vesting schedule | | | |
| | For the grant on August 21, 2007: | | August 21, 2008 to August 21, 2012 | |
| | For the grant on April 24, 2008: | | April 24, 2009 to April 24, 2013 | |
| | For the grant on August 28, 2008: | | August 28, 2009 to August 28, 2013 | |
| | For the grant on May 28, 2009: | | May 28, 2010 to May 28, 2014 | |
| N | Lock-in | | | One year from the date of the grant |
| O | Impact on profits and EPS of the last three years if the Company had followed the accounting policies specified in Clause 13 of the ESOP Guidelines | | | NIL |

* Re-priced at Rs. 37.55 on August 28, 2008.

Since there is no material impact on options value granted to the employees of the Company under the scheme, consequent to the issuance and allotment of 51,81,49,592 equity shares of Re. 1/- each, at a premium of Rs. 21/- each, on rights basis, to the existing shareholders of the Company on January 19, 2009, the Board of Directors decided not to make any price adjustment on ESOPs already granted.

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956, RELATING TO SUBSIDIARY COMPANIES

| 1. Name of the subsidiary | Integrated Subscriber Management Services Limited | Agrani Satellite Services Limited | Agrani Convergence Limited |
|---|---|--|--|
| 2. Financial year ended | March 31, 2009 | March 31, 2009 | March 31, 2009 |
| 3. Holding Company's interest | 100% | 100% | 51% |
| 4. Share held by the Holding Company in the subsidiary | 50,000 Equity Shares of Rs. 10/- each | 9,44,01,004 Equity Shares of Rs. 10/- each | 1,24,70,544 Equity Shares of Rs. 10/- each |
| 5. The net aggregate amount of profit/ (losses) of the subsidiary so far as it concerns the members of the holding Company and is dealt with in account of holding Company: | | | |

Annexure to Directors' Report

| | | | |
|---|------------------|-----|-------------------|
| a) For the Financial Year ended on March 31, 2009 | NIL | NIL | NIL |
| b) For the previous Financial Years of the Subsidiaries since it became a subsidiary. | NIL | NIL | NIL |
| 6. The net aggregate amount of profit/ (losses) of the subsidiary so far as it concerns the members of the holding Company and is not dealt with in account of holding Company: | | | |
| a) For the Financial Year ended on March 31, 2009 | Rs. (31,619,765) | NIL | Rs. (1,928,709) |
| b) For the previous Financial Years of the Subsidiaries since it became a subsidiary. | Rs. (2,192,465) | NIL | Rs. (285,729,626) |

For and on behalf of the Board

Jawahar Lal Goel
Managing Director

B D Narang
Director

Rajeev K. Dalmia
Chief Financial Officer

Jagdish Patra
Company Secretary

Place : Noida

Date : June 18, 2009

STATEMENT PURSUANT TO EXEMPTION RECEIVED UNDER SECTION 212(8) OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANIES FOR THE FINANCIAL YEAR ENDED MARCH 31, 2009:

| Particulars | Integrated Subscriber Management Services Limited | Agrani Satellite Services Limited | Agrani Convergence Limited |
|--|---|-----------------------------------|----------------------------|
| Summary Balance Sheet | | | |
| Share Capital | 500,000 | 944,010,040 | 244,520,460 |
| Reserve and Surplus | (39,719,856) | - | (407,473,361) |
| Total Assets | 1,009,012,541 | 2,961,626,729 | 21,774,468 |
| Total Liabilities | 1,048,232,397 | 2,017,616,688 | 184,727,369 |
| Investments (excluding subsidiaries) | - | - | 25,500 |
| Summary Profit and Loss Account | | | |
| Turnover | 974,951,001 | - | - |
| Profit / (Loss) before tax | (33,188,545) | - | (1,928,709) |
| Provision for tax | (1,568,780) | - | - |
| Profit / (Loss) After tax | (31,619,765) | - | (1,928,709) |
| Proposed Dividend | - | - | - |

Report on Corporate Governance

Corporate Governance Philosophy of Dish TV India Limited (Dish TV) stems from its belief that the Company's business strategy, plans and decisions should be consistent with the welfare of all its stakeholders, including Shareholders, Subscribers, Employees, etc. Good Corporate Governance practices enable a Company to attract financial and human capital and leverage these resources to maximize long-term shareholders' value, while serving the interests of multiple stakeholders, including society at large. Corporate Governance at Dish TV is founded upon 4 pillars of Core Values viz., Transparency, Integrity, Honesty and Accountability. Your Company has laid strong foundation for making Corporate Governance a way of life by constituting a Board with a balanced mix of professionals of eminence and integrity from within and outside the business, forming a core group of top executives, inducting competent professionals across the organization and putting in place systems, processes and technologies.

We believe that sound Corporate Governance is critical to enhance and retain stakeholders' trust. Accordingly, the Company always seeks to ensure that we attain our performance rules with integrity. Our Board exercises its fiduciary responsibilities in the widest sense of the term. Our disclosures always seek to attain best practices in international Corporate Governance. We also endeavor to enhance long term shareholders' value and respect minority rights in all our business decisions.

Our Corporate Governance philosophy is based on the following principles:

- Satisfy the spirit of law and not just the letter of law. Corporate Governance standards should go beyond the law.
- Be transparent and maintain high degree of disclosure levels. When in doubt, disclose.
- Make a clear distinction between personal convenience and corporate resource.
- Communicate externally, in a truthful manner, about how the Company is run internally.
- Have a simple and transparent corporate structure driven solely by business needs.
- Management is the trustee of the shareholders' capital and not the owner.

BOARD OF DIRECTORS

Your Company is in strict compliance with the Board composition requirements including SEBI circular dated April 8, 2008 and October 23, 2008. The day-to-day management of the Company is entrusted to its Key Management Personnel led by the Managing Director, who operates under the superintendence, direction and control of the Board. The Board reviews and approves strategy and oversees the actions and performance of the management to ensure that the long-term objective of enhancing stakeholders' value is met. The majority of your Board, i.e. 4 (four) out of 7(seven), are Independent Members.

a) Composition of Board

The Board believes that the current size is appropriate, based on our present circumstances and is in compliance with the applicable guidelines in this regard.

Composition of the Board as at March 31, 2009

| Category of Directors | No. of Directors | % to total No. of Directors |
|-------------------------------------|------------------|-----------------------------|
| Executive Director | 1 | 14 |
| Non-Executive Independent Directors | 4 | 57 |
| Non-Executive Directors | 2 | 29 |
| Total | 7 | 100 |

Particulars of Directors, their attendance at the Annual General Meeting and Board Meetings held during the Financial Year 2008-09 and also their other directorships in Public Companies (excluding Foreign Companies and Section 25 Companies) and membership of other Board Committees (excluding Remuneration / Finance Committee) as at March 31, 2009 are as under:

| Name of Director | Category | Attendance at: | | No. of Directorships of other Public Companies | No. of Memberships of Board sub-Committees |
|-------------------------|----------|---------------------------------|--------------------------------------|--|--|
| | | Board Meetings (Seven Meetings) | 20 th AGM August 28, 2008 | | |
| Subhash Chandra | PD, NED | 5 | No | 6 | 1 |
| Jawahar Lal Goel | PD, ED | 7 | Yes | 9 | 1 |
| Ashok Kurien | PD, NED | 5 | Yes | 2 | 4 |

| Name of Director | Category | Attendance at: | | No. of Directorships of other Public Companies | No. of Memberships of Board sub-Committees |
|---------------------------|----------|---------------------------------|--------------------------------------|--|--|
| | | Board Meetings (Seven Meetings) | 20 th AGM August 28, 2008 | | |
| B.D. Narang | ID | 7 | No | 8 | 5 |
| Arun Duggal | ID | 5 | Yes | 8 | 4 |
| Pritam Singh (Dr.) | ID | 3 | Yes | 4 | 4 |
| Eric Zinterhofer | ID | 0 | No | Nil | Nil |
| Mintoo Bhandari | ID* | 3 | No | Nil | Nil |

* Appointed as the Alternate Director to Mr. Eric Zinterhofer from July 28, 2008 to August 28, 2008 and again w.e.f. October 3, 2008

PD: Promoter Director NED: Non-Executive Director ED: Executive Director ID: Independent Director

b) Board Meeting & Procedures

During the Financial Year 2008-09 i.e. between the period April 1, 2008 till March 31, 2009, 7(Seven) meetings of the Board were held, on April 24, 2008, June 18, 2008, July 28, 2008, October 3, 2008, October 24, 2008, January 22, 2009 and March 25, 2009. The intervening period between the Board Meetings were well within the maximum time gap prescribed under the Companies Act, 1956 and Clause 49 of the Listing Agreement.

Schedule of the Board Meetings for each year are decided well in advance and communicated to the Directors. Board Meetings are generally held at the Corporate Office of the Company at Noida. Board Meetings of the Company are governed by a structured agenda. The Company Secretary in consultation with the Chairman / Managing Director drafts agenda of the Board Meetings. The agenda along with the explanatory notes are sent to all the Directors well in advance to enable them to take informed decisions. Chief Executive Officer and Chief Financial Officer are normally invited to the Board meetings to provide necessary insights into the working of the Company and for discussing corporate strategies. All relevant information required to be placed before the Board of Directors as per Clause 49 of the Listing Agreement, are considered and taken on record/approved by the Board.

The Board periodically reviews Compliance Reports in respect of laws and regulations applicable to the Company.

Brief Profile of Directors of the Company, including those to be re-appointed at the Annual General Meeting

1. **Subhash Chandra** : Mr. Chandra is Non-Executive Chairman of the Company and promoter of Essel Group of Companies. His industry leading businesses include television networks and film entertainment, cable systems, satellite communications, theme parks, flexible packaging, family entertainment centers and online gaming. Mr. Chandra has been the recipient of numerous honorary degrees, industry awards and civic honors, including being named 'Global Indian Entertainment Personality of the Year' by FICCI for 2004, 'Business Standard's Businessman of the Year' in 1999, 'Entrepreneur of the Year' by Ernst & Young in 1999 and 'Enterprise CEO of the Year' by International Brand Summit. The Confederation of Indian Industry (CII) chose Mr. Chandra as the Chairman of the CII Media Committee for two successive years. Mr. Chandra has made his mark as an influential philanthropist in India. He set up TALEEM (Transnational Alternate Learning for Emancipation and Empowerment through Multimedia), an organisation which seeks to provide access to quality education and to promote research in various disciplines relating to health & family life, social & cultural anthropology, communication and media. He is also the trustee for the Global Vipassana Foundation, a trust set up for helping people in spiritual upliftment.

Apart from the Company, Mr. Chandra holds directorship in six (6) other Indian Public Limited Companies viz., Zee Entertainment Enterprises Ltd., Zee News Ltd., Essel Propack Ltd., Wire and Wireless (India) Ltd., Essel Infraprojects Ltd. and Agrani Satellite Services Ltd. Mr. Chandra holds 500,000 equity shares comprising of 0.07% of the paid up capital in the Company.

2. **Jawahar Lal Goel**: Mr. Goel took the position of Managing Director of the Company on January 6, 2007. Mr. Goel is actively involved in creation and expansion of Essel Group of Industries. He has been a prophet in pioneering the Direct To Home (DTH) services in India and instrumental in establishing Dish TV as a prominent brand with India's most modern and advanced technological infrastructure. Mr. Goel is the president of Indian Broadcasting Foundation (IBF) which takes up various issues relating to Broadcasting industry at various forums. He is active member on the Board of various committees and task force, set up by Ministry of Information & Broadcasting (MIB), Govt. of India which takes care of several critical matters relating to the industry. He is a prime architect in establishing India's most modern and advanced technological infrastructure for the implementation of Conditional Access System (CAS) and Direct To Home (DTH) services through Head-end in the Sky (HITS)

which would bring a revolution in the distribution of various entertainment and electronic media products in India in the ensuing months and would enormously benefit consumers (TV viewers).

Apart from the Company, Mr. Goel holds directorship in nine (9) other Indian Public Limited Companies viz., Aplab Ltd., ASC Telecommunication Ltd., Asian Sky Shop Ltd., Chirpal Industries Ltd., East India Trading Co. Ltd., Essel International Ltd., Essel Infraprojects Ltd., Rankey Investments and Trading Company Ltd. and Rama Associates Ltd. Mr. Goel holds 209,000 equity shares comprising of 0.03% of the paid up capital in the Company.

3. **Bhagwan Dass Narang:** Mr. Narang is a Post Graduate in Agricultural Economics and brings with him 32 years of Banking experience. During this period, he also held the coveted position of the Chairman and Managing Director of Oriental Bank of Commerce. Mr. Narang has handled special assignments viz. alternate Chairman of the Committee on Banking procedures set up by Indian Banks Association for the year 1997-98, Chaired a panel on serious financial frauds appointed by R.B.I., Chaired a Panel on financial construction industry appointed by Indian Banks Association (IBA), appointed as Chairman of Governing Council of National Institute of Banking Studies & Corporate Management, elected member Management Committee of IBA, Member of the Advisory Council of Bankers Training College (RBI) Mumbai, Chairman of IBA's Advisory Committee on NPA Management, CDR Mechanism, DRT, ARC etc., elected as a Fellow and Member of Governing Council of the Indian Institute of Banking & Finance, Mumbai, elected as Deputy Chairman of IBA, Mumbai and recipient of Business Standard "Banker of the year" Award for 2004.

Apart from the Company, Mr. Narang holds directorship in eight (8) other Indian Public Limited Companies viz., Shivam Autotech Ltd., IST Steel and Power Ltd., Jubilee Hills Landmark Projects Ltd., Afcon Infrastructure Ltd., VA Tech. Wabag Ltd., Amar Ujala Publication Ltd., Revathi Equipment Ltd. and Karvy Stock Broking Ltd. Mr. Narang does not hold any shares in the Company.

4. **Ashok Kurien:** Mr. Kurien is a well known personality in the advertising world. Mr. Kurien is the Director of Ambience Business Services Pvt. Ltd., which is rated amongst the best Advertising Agencies in India. He is also one of the promoter Directors of Zee Entertainment Enterprises Limited (ZEEL) which has in its fold flagship channel Zee TV, India's first private satellite channel.

Apart from the Company, Mr. Kurien holds directorship in two (2) other Indian Public Limited Companies viz., Zee Entertainment Enterprises Ltd. and Asian Sky Shop Ltd. Mr. Kurien holds 1,174,150 equity shares, comprising of 0.17% of paid up capital of the Company.

5. **Arun Duggal:** Mr. Duggal is a Mechanical Engineer from Indian Institute of Technology, Delhi, and holds an MBA from the Indian Institute of Management, Ahmedabad. He teaches Banking & Finance at the Indian Institute of Management, Ahmedabad as a visiting Professor. He has dual citizenship of India as well as of the U.S. He is an experienced International Banker, advising Corporations on Financial Strategy, M&A and Capital Raising areas and is an International Advisor to a number of Corporations, major Financial Institutions and Private Equity firms. He is a member of the Investment Committee of Axis Private Equity, Trustee of Centre for Civil Society, New Delhi, a Senior Advisor (Asia Pacific) to Transparency International, Berlin and Vice Chairman of International Asset Reconstruction Company Pvt. Ltd.

Apart from the Company, Mr. Duggal holds directorship in Eight (8) other Indian Public Limited Companies viz., Patni Computer Systems Ltd., Shriram EPC Ltd., Shriram City Union Finance Ltd., Shriram Transport Finance Co. Ltd., Manipal Acunova Ltd., Info Edge (India) Ltd., Mundra Port and Special Economic Zone Ltd., and Zuari Industries Ltd. Mr. Duggal does not hold any shares in the Company.

6. **Pritam Singh (Dr.):** Dr. Singh is an M.Com (BHU), MBA (USA), Ph.D. (BHU) and author of seven academically reputed books and published over 50 research papers. Dr. Pritam Singh is one of the pioneers of management education in India who has devoted his life to the development of management education in India and abroad. He initiated a number of social projects focusing on Healthcare, Education, Water Management and Road Building for the surrounding community to improve the quality of life. Owing to his contributions towards building intellectual capital at Administrative Staff College and refocusing of IIM Bangalore as a truly integrated management school, he is branded as a Change Master par excellence and a Renaissance leader.

Dr. Singh holds directorship in four (4) other Indian Public Limited Companies viz., Hero Honda Motors Ltd., Parsvnath Developers Ltd., Godrej Properties Ltd. and Dena Bank Ltd. Dr. Singh does not hold any shares in the Company.

7. **Eric Louis Zinterhofer:** Mr. Zinterhofer graduated Cum Laude from the University of Pennsylvania, with BA degrees in Honors Economics and European History and received his MBA from the Harvard Business School. He is a senior partner at Apollo Management, L.P. and has been with Apollo since 1998. From 1994 to 1996, he was a member of the Corporate Finance

Department at Morgan Stanley Dean Witter & Co. From 1993 to 1994, he was a member of the Structured Equity Group at J.P. Morgan Investment Management. He is a member of the Board of Directors of Affinion Group, Inc., Central European Media Enterprises Ltd., IPCS Inc. and Unity Media GmbH.

Mr. Zinterhofer does not hold directorship in any other Indian Public Limited Companies. Mr. Zinterhofer does not hold any shares in the Company.

8. **Mintoo Bhandari (Alternate Director to Mr. Eric Zinterhofer):** Mr. Bhandari graduated with an S.B. in Mechanical Engineering from MIT and with an MBA from the Harvard Business School. Mr. Bhandari is the partner at Apollo Management responsible for the development and oversight of transactions which relate to India. Prior to Apollo, Mr. Bhandari was the Managing Director of The View Group, an India-focused private equity firm. He was an early participant in the sourcing, execution and development of transactions and enterprises which leveraged operating resources in India and has been integrally involved with approximately twenty such transactions, several of which were pioneering in their structure, strategy and timing. Mr. Bhandari was also previously a member of the private equity team and later a manager of hedge fund capital at the Harvard Management Company which manages the endowment of Harvard University.

Mr. Bhandari does not hold directorship in any other Indian Public Limited Companies. Mr. Bhandari does not hold any shares in the Company.

COMMITTEES OF THE BOARD

Your Board has constituted various Board and Executive Management Committees for smooth and efficient operation of day-to-day business of the Company. Apart from Audit Committee, Remuneration Committee and Share Transfer & Investors Grievance Committee, your Board has constituted Finance Sub-Committee, for approving financing facilities granted to the Company from time to time, Corporate Management Committee, for general business purposes and Cost Evaluation & Rationalisation Committee to evaluate various options to rationalize the cost and work out the ways to increase the productivity / enhance the Average Return. Board has provided for detailed guidelines on constitution, quorum, scope and procedures to be followed by these Committees. Minutes of the proceedings of each Committee/Sub-Committee meetings held after previous Board Meeting are circulated to the Board Members along with agenda papers and taken on record by the Board at its Meeting. Relevant particulars of Audit Committee, Remuneration Committee, Share Transfer and Investors Grievance Committee and Finance Sub-Committee are as detailed hereunder.

a) Audit Committee

The Audit Committee of the Board comprises of 4 (Four) Directors out of which 3 (Three) are independent directors and the Company Secretary is the Secretary of the Committee. During the year, 6 (Six) Audit Committee Meetings were held on April 24, 2008, June 16, 2008, July 28, 2008, October 3, 2008, October 24, 2008 and January 21, 2009.

Composition of Audit Committee and details of Audit Committee Meetings:

| Name of the Director | Designation | Category | Date of the Appointment | Meetings | |
|----------------------|-------------|----------|-------------------------|--------------------------|----------|
| | | | | Held during FY 2008-2009 | Attended |
| B.D. Narang | Chairman | ID | January 6, 2007 | 6 | 6 |
| Arun Duggal | Member | ID | January 6, 2007 | 6 | 4 |
| Pritam Singh (Dr.) | Member | ID | April 27, 2007 | 6 | 4 |
| Ashok Kurien | Member | PD, NED | February 1, 2009 | 6 | Nil |

PD: Promoter Director NED: Non-Executive Director ID: Independent Director

Primary Objective: The Primary objective of the Audit Committee of the Company is to monitor and provide effective supervision of the management financial reporting process with a view to ensure accurate, timely and proper disclosure and transparency, integrity and quality of financial reporting.

The role and powers of the Audit Committee is as set out in Clause 49 of the Listing Agreement(s) with Stock Exchanges and Section 292A of the Companies Act, 1956. The terms of reference of the Audit Committee are broadly as follows:

- Oversight of Company's financial reporting process and disclosure of its financial information.
- Review with the management, quarterly and annual financial statements.
- Review of related party transactions.
- Review of Company's financial and risk management policies.

- Review with the management, external and internal auditors, adequacy of internal control systems.
- Review of financial statements, investment, minutes and related party transactions of subsidiary company.
- Recommend to the Board the appointment, re-appointment and removal of the statutory auditor, fixation of their remuneration.
- Discussion with external auditors about the nature and scope of audit as well as post audit discussion to ascertain any area of concern and internal control weaknesses observed by the Statutory Auditors.
- Discussion of Internal Audit Reports with internal auditors and significant findings and follow up there on and in particular internal control weaknesses.

Audit Committee meetings are generally attended by the Managing Director, Chief Executive Officer, Chief Financial Officer and representatives of Statutory Auditor of the Company. Internal Auditor has attended Audit Committee Meetings wherein the Internal Audit reports were considered by the Committee. The Company Secretary acts as the Secretary of the Audit Committee.

b) Remuneration Committee

The Remuneration Committee of the Board comprises of 3 (Three) Directors, all of whom are independent Directors. The Company Secretary is the Secretary of the Committee. During the year, three Remuneration Committee Meetings were held on April 24, 2008, June 16, 2008 and August 28, 2008.

Composition of Remuneration Committee and details of Remuneration Committee Meetings:

| Name of the Director | Designation | Category | Date of the Appointment | Meetings | |
|----------------------|-------------|----------|-------------------------|--------------------------|----------|
| | | | | Held during FY 2008-2009 | Attended |
| B.D. Narang | Chairman | ID | January 6, 2007 | 3 | 2 |
| Arun Duggal | Member | ID | January 6, 2007 | 3 | 2 |
| Pritam Singh (Dr.) | Member | ID | April 27, 2007 | 3 | 2 |

ID: Independent Director

The terms of the reference of the Remuneration Committee, *inter alia*, consists of reviewing the overall compensation policy, service agreements and other employment conditions of Executive Director(s). The recommendation of the Remuneration Committee are considered and approved by the Board of Directors, subject to the approval of the Shareholders, where necessary.

The Remuneration Committee is also responsible for administering Company's Employees Stock Option Scheme including review and grant of options to the eligible employees under the Scheme.

Remuneration Committee Meetings are generally attended by the Managing Director, Chief Executive Officer and Chief Financial Officer of the Company.

Remuneration paid to the Managing Director during the year:

| Name | Position | Remuneration (Rs.) Salary and Allowances | Employer's Contribution to Provident Fund (Rs.) |
|------------------|-------------------|--|---|
| Jawahar Lal Goel | Managing Director | 58,86,000 | 2,88,000 |

Particulars of Sitting fees paid to Non-Executive Directors of the Company for Financial Year 2008-09 is as under:

| S. No. | Name of Director | Sitting Fees (Rs.) |
|--------|---|--------------------|
| 1 | Subhash Chandra | 50,000 |
| 2 | B. D. Narang | 160,000 |
| 3 | Ashok Kuriem | 60,000 |
| 4 | Arun Duggal | 110,000 |
| 5 | Pritam Singh (Dr.) | 90,000 |
| 6 | Eric Zinterhofer | Nil |
| 7 | Mintoo Bhandari (Alternate to Eric Zinterhofer) | 30,000 |

The Company has granted on August 28, 2008, 30,000 Stock Options under "ESOP 2007" Scheme to 4 (Four) Independent Directors, as per details given below at an exercise price of Rs. 37.55 determined as per SEBI (ESOS) Guidelines, 1999.

| Name of the Directors | No. of options granted |
|-----------------------|------------------------|
| B. D. Narang | 7500 |
| Pritam Singh (Dr.) | 7500 |
| Arun Duggal | 7500 |
| Eric Zinterhofer | 7500 |

c) Share Transfer and Investors Grievance Committee

The Share Transfer and Investors Grievance Committee of the Board comprises of Mr. Ashok Kurien, Non-Executive Director as Chairman and Mr. Jawahar Lal Goel, Managing Director as Member.

Main functions of the Share Transfer and Investors Grievance Committee is to supervise and ensure efficient transfer of shares and proper and timely attendance of investors' grievances. The committee has delegated the power of approving transfer, transmission, rematerialisation, dematerialisation etc. of shares of the Company to the officials of the Secretarial department.

Mr. Jagdish Patra, Company Secretary is the Compliance Officer of the Company.

During the year, Share Transfer and Investors Grievance Committee met on January 22, 2009. The meeting was attended by all committee members.

Details of complaints resolved during the financial year 2008-09 are as follows:

| Nature of Correspondence | Received | Replied/Resolved | Pending |
|--|----------|------------------|---------|
| Non-receipt of Shares / Shares Certificate | 2 | 2 | - |
| Non-receipt of Dividend Payment | 3 | 3 | - |
| Non-receipt of fractional payment | 6 | 6 | - |
| Non-receipt of Annual report | 5 | 5 | - |

d) Finance Sub-Committee

With a view to facilitate monitoring and expediting fund raising process, the Board of Directors of the Company constituted Finance sub-committee comprising of Mr. Arun Duggal, Non-Executive Independent Director, Mr. Ashok Kurien, Non-Executive Director and Mr. Jawahar Lal Goel, Managing Director as its members.

Main function of the Finance sub-committee is to consider and approve, within the delegated limits, financing facilities offered and/or sanctioned to the Company by various Banks and/or Indian financial institutions from time to time, in the form of term loans, working capital facilities, guarantee facilities etc. including the terms and conditions of such facilities being offered.

RELATIONSHIP BETWEEN DIRECTORS INTER-SE

Mr. Subhash Chandra, Non-Executive Director and Chairman and Mr. Jawahar Lal Goel, Managing Director are related as brothers. Apart from them, no other Directors, are, in any way related.

MANAGEMENT DISCUSSION AND ANALYSIS

This is included as a separate section in this Annual Report.

SHAREHOLDERS DISCLOSURE REGARDING APPOINTMENT OR RE-APPOINTMENT OF DIRECTORS

According to the Articles of Association of the Company one-third of the directors retire by rotation and, if eligible, seek re-appointment at the Annual General Meeting of the Shareholders. As per the provisions of the Companies Act, 1956 Mr. Arun Duggal and Dr. Pritam Singh, Directors retire at the ensuing Annual General Meeting. The Board has recommended the re-appointment of these retiring Directors. The detailed profiles of these directors are provided elsewhere in the Corporate Governance.

AUDITORS CERTIFICATE ON CORPORATE GOVERNANCE

As required by Clause 49 of the Listing Agreement, the Statutory Auditors' Certificate is provided elsewhere in the Annual Report.

CEO AND CFO CERTIFICATION

As required by Clause 49 of the Listing Agreement, the Managing Director and CFO certification is provided elsewhere in the Annual Report.

CODE OF CONDUCT

In compliance with the Clause 49 of the Listing Agreement, the Company has adopted a Code of Conduct for Senior Management of the Company. The code is applicable to all the members of the Board and the Senior management.

A copy of said Code of Conduct applicable to the Board members and Senior management is available at our website, www.dishtv.in

All the members of the Board and the Senior management have affirmed compliance to the said Code of Conduct during the financial year ended March 31, 2009. A declaration to this effect signed by the Managing Director is provided elsewhere in the Annual Report.

ANNUAL GENERAL MEETINGS

The 21st Annual General Meeting of the Company for the year 2009 will be held on Monday, the 3rd day of August, 2009, at NCUI Auditorium, 3, Siri Institutional Area, August Kranti Marg, New Delhi - 110 016 at 11:30 A.M.

Details of Annual General Meetings held during last 3 years are as follows:

Date, time and venue for last three AGMs

| Financial Year Ended | Date & Time | Venue | Special Resolution Passed |
|----------------------|--|--|---|
| March 31, 2008 | Thursday, August 28, 2008 1130 Hrs | NCUI Auditorium 3, Siri Institutional Area August Kranti Marg New Delhi – 110 016 | Re-pricing of Employees Stock Options Delisting of shares from Calcutta Stock Exchange Alteration of Articles of Association |
| March 31, 2007 | Friday, August 3, 2007 1500 Hrs | Seven Seas B-7, Lawrence Road Industrial Area Delhi – 110 035 | Employees Stock Options Scheme |
| March 31, 2006 | Friday September 29, 2006 1130 Hrs | B-10, Lawrence Road Industrial Area Delhi – 110 035 | Nil |

The above Special Resolutions were passed with requisite majority.

No Ordinary or Special Resolutions were passed through Postal Ballot during the year 2008-09.

None of the resolutions proposed at the ensuing Annual General Meeting needs to be passed by Postal Ballot.

DISCLOSURES

There are no materially significant related party transactions i.e. transactions material in nature, between the Company and its promoters, directors or management or their relatives etc. having any potential conflict with interests of the Company at large. Transactions with related parties are disclosed elsewhere in the Annual Report.

There has not been any non-compliance by the Company and no penalties or strictures imposed by SEBI or Exchanges or any statutory authority on any matter relating to capital markets, during the last three years.

COMPLIANCE WITH NON-MANDATORY REQUIREMENTS

The Company confirms that it has complied with all mandatory requirements to Clause 49 of the Listing Agreement.

The status of compliance with non-mandatory requirements of Clause 49 of the Listing Agreement are as detailed hereunder:

- 1. Remuneration Committee** - The Company has set up Remuneration Committee to recommend/review overall compensation policy, service agreements and other employment conditions of Executive Director(s).
- 2. Audit Qualification** - Company is in the regime of unqualified financial statements.

- 3. Chariman's Office** - A Chairman's Office with requisite facilities is provided and maintained at the Company's expense for use by its Non-Executive Chairman. The Company also reimburses all travel and other expenses incurred in its furthering the Company's business interest.

MEANS OF COMMUNICATION

The Company has promptly reported all material information including declaration of quarterly financial results, press releases, etc. to all Stock Exchanges where the securities of the Company are listed. Such information is also simultaneously displayed immediately on the Company's corporate website, www.dishtv.in. The financial results- quarterly, half yearly and annual results and other statutory information were communicated to the shareholders by way of an advertisement in an English and in a vernacular language newspaper viz. 'Business Standard' (English and Hindi) as per requirements of the Stock Exchange.

Official press releases and presentations made to institutional investors or to the analysts are displayed on Company's corporate website, www.dishtv.in. Hard copies of the said disclosures and correspondences are also filed with the Stock Exchanges.

GENERAL SHAREHOLDER INFORMATION

The required information is provided in Shareholders' Information Section.

Auditors' Certificate

To,
The Members,
Dish TV India Limited

We have examined the compliance of conditions of Corporate Governance by Dish TV India Limited ('the Company'), for the year ended March 31, 2009 as stipulated in Clause 49 of the Listing Agreement of the Company with the Stock Exchanges.

The Compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion of the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement.

We state that no investor grievances are pending for a period exceeding thirty days against the Company as per the records maintained by the Company.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

L. K. Shrishrimal
Partner
Membership No. 72664

For and on behalf of
MGB & Co.
Chartered Accountants

Noida, June 18, 2009

Shareholders' Information

A. Annual General Meeting

| | | |
|------------------------------------|---|---|
| Date | : | Monday, 3 rd day of August, 2009 |
| Venue | : | NCUI Auditorium 3, Siri Institutional Area August Kranti Marg New Delhi-110016 |
| Time | : | 11:30 A.M. |
| Last date of receipt of Proxy Form | : | Saturday, 1 st day of August, 2009 (Before 11:30 A.M. at the Registered Office of the Company) |
| Book Closure | : | Tuesday, 30 th day of June, 2009 (One day) |

B. Financial Year : 2008-09

C. Registered Office:

Essel House, B-10, Lawrence Road, Industrial Area, Delhi -110 035
Tel: +91-11-27101145, Fax: + 91-11-27186561, Website: www.dishtv.in

D. Address for Correspondence:

FC – 19, Sector 16A, Noida – 201 301 U.P., India
Tel: +91-120-2599555/391, Fax: +91-120-435 7078

Investor Relation Officer : Mr. Ranjit Srivastava - Dy. Company Secretary
Dish TV India Limited, FC-19, Sector 16 A, Noida – 201 301, U.P., India
Tel: +91-120-2599555/391, Fax: +91-120-435 7078

Exclusive E-Mail ID for Investor Grievances: Pursuant to Clause 47(f) of the Listing Agreement, the following e-mail id has been designated for communicating investors' grievances: cs@dishtv.in

E. Listing details of Equity Shares:

The Equity Shares are at present listed at the following Stock Exchanges:

| Name of the Stock Exchanges | Stock Code/Symbol (Fully Paid Shares) | Stock Code/Symbol (Partly Paid Shares) |
|--|---------------------------------------|--|
| National Stock Exchange of India Limited (NSE) Exchange Plaza, 5 th Floor, Plot No. C/1, G Block, Bandra-Kurla Complex, Bandra (E), Mumbai - 400 051 | DISHTV | DISHTV (E1) |
| The Bombay Stock Exchange Limited (BSE) Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 023 | 532839 | 890127 |
| The Calcutta Stock Exchange Association Limited (CSE) 7, Lyons Range, Kolkatta - 700 001 | 014336 | 10014336 |

ISIN : INE836F01026 (Fully Paid Up Equity Shares)
IN9836F01016 (Partly Paid Up Equity Shares)

Corporate Identity Number (CIN) : L51909DL1988PLC101836

F. Listing Fee

Company has paid listing fees upto March 31, 2010 to the National Stock Exchange of India Ltd. ("NSE"), Bombay Stock Exchange Limited ("BSE") and The Calcutta Stock Exchange Association Ltd. ("CSE").

G. Registrar & Share Transfer Agent: Sharepro Services (India) Pvt. Ltd.

Unit: Dish TV India Ltd.
13AB, Samhita Warehousing Complex, Second Floor,
Sakinaka Telephone Exchange Lane, Off Andheri Kurla Road, Sakinaka, Andheri (East), Mumbai – 400 072
Tel.: +91-22-67720300/67720400/28511872 Fax : +91-22-28591568
Email: sharepro@shareproservices.com

H. Change of Address

Members holding equity shares in physical form are requested to notify the change of address, if any, to the Company's Registrar & Share Transfer Agent, at the address mentioned above. Members holding equity shares in dematerialised form are requested to notify the change of address, if any, to their respective Depository Participant (DP).

I. Shareholders' Correspondence

We endeavour to reply all letters received from the shareholders within a period of 7 working days. All correspondence may be addressed to the Registrar & Share Transfer Agent at the address given above. In case any shareholder is not satisfied with the response or do not get any response within reasonable period, they may approach the Investor Relation Officer at the address given above.

J. Share Transfer System

Equity Shares sent for physical transfer or for dematerialisation are generally registered and returned within a period of 15 to 20 days from the date of receipt of completed and validly executed documents. Shares under objection are returned within two weeks. The Share Transfer committee has delegated the power for transfer etc, of the shares to the Compliance officer of the Company who consider the transfer proposals generally on a fortnightly basis. SEBI vide its circular no. MRD/DoP/Cir-05/2009 dated May 20, 2009 clarified that for securities market transactions and off-market/ private transactions involving transfer of shares in physical form of listed companies, it shall be mandatory for the transferee(s) to furnish copy of PAN card to the Company/RTAs for registration of such transfer of shares. The Company and its RTA is complying with the provisions.

K. Investor Safeguards

In order to serve you better and enable you to avoid risks while dealing in securities, you are requested to follow the general safeguards as detailed hereunder:

- **Demat your Shares**

Members are requested to convert their physical holding to demat/electronic form through any of the nearest Depository Participants (DPs) to avoid the hassles involved in the physical shares such as possibility of loss, mutilation etc., and also to ensure safe and speedy transaction in securities.

- **Update your address**

To receive all communication promptly, please update your address registered with the Company.

- **Consolidate your multiple folios**

Members are requested to consolidate their shareholding held under multiple folios to save them from the burden of receiving multiple communications.

- **Register Nomination**

To help your successors get the share transmitted in their favor, please register your nomination. Member(s) desirous of availing this facility may submit nomination in Form 2B. Member(s) holding shares in dematerialized form are requested to register their nominations directly with their respective DPs.

- **Prevention of frauds**

We urge you to exercise due diligence and notify us of any change in address/stay in abroad or demise of any shareholder as soon as possible. Do not leave your demat account dormant for long. Periodic statement of holding should be obtained from the concerned DP and holding should be verified.

- **Confidentiality of Security Details**

Do not disclose your Folio No. / DP ID / Client ID to an unknown person. Do not hand over signed blank transfer deeds/delivery instruction slip to any unknown person.

L. Dematerialisation of Equity Shares & Liquidity

As per extant guidelines, trading in equity shares of the Company is mandatory in dematerialised form. To facilitate trading in demat form, there are two depositories i.e. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

The Company has entered into agreements with both these depositories. Shareholders can open account with any of the Depository Participant registered with any of these two depositories. As on date 99.45% of the equity shares of the Company are in the dematerialized form.

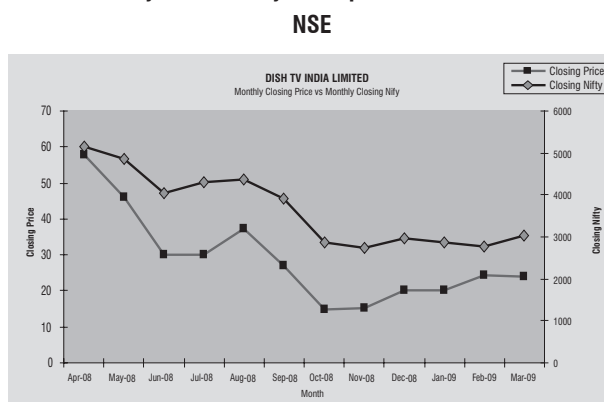
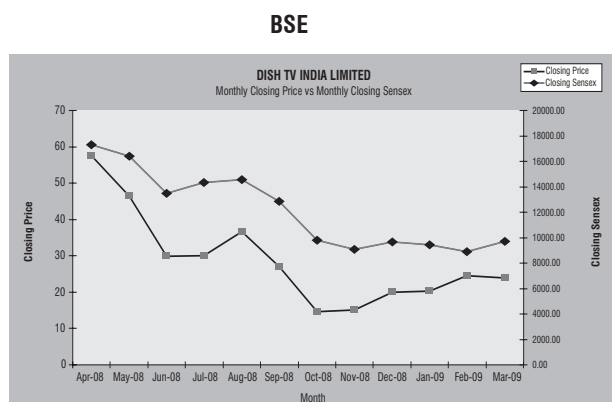
M. Stock Market Data Relating to Shares Listed in India

a) The monthly high and low prices and traded quantity of Company's shares traded on Bombay Stock Exchange and National Stock Exchange for the period April 2008 to March 2009 are as under:

Fully Paid Shares:

| MONTH | BSE | | | NSE | | |
|----------------|-------|-------|-----------------|-------|-------|-----------------|
| | High | Low | Traded Quantity | High | Low | Traded Quantity |
| April 2008 | 66.00 | 46.50 | 25828221 | 65.75 | 46.50 | 43899676 |
| May 2008 | 60.70 | 46.00 | 18805849 | 60.70 | 45.55 | 34474028 |
| June 2008 | 49.40 | 28.80 | 16631418 | 49.85 | 28.70 | 29155318 |
| July 2008 | 34.40 | 26.30 | 18447649 | 34.35 | 26.35 | 33309968 |
| August 2008 | 41.40 | 29.10 | 70198489 | 41.40 | 29.30 | 124304340 |
| September 2008 | 41.20 | 24.25 | 33048800 | 41.15 | 24.30 | 62605948 |
| October 2008 | 28.25 | 11.75 | 17853339 | 28.50 | 11.90 | 36902504 |
| November 2008 | 20.00 | 12.67 | 13966366 | 19.85 | 12.60 | 30281870 |
| December 2008 | 22.80 | 14.15 | 20911624 | 22.85 | 14.15 | 41879947 |
| January 2009 | 23.30 | 17.50 | 15825361 | 23.30 | 17.60 | 34191843 |
| February 2009 | 28.40 | 19.60 | 65391215 | 28.25 | 19.65 | 139502961 |
| March 2009 | 26.15 | 22.00 | 18787823 | 26.20 | 22.05 | 39140748 |

Relative Performance of Dish TV India Limited Shares Vs. BSE Sensex & Nifty Index – Fully Paid up Shares

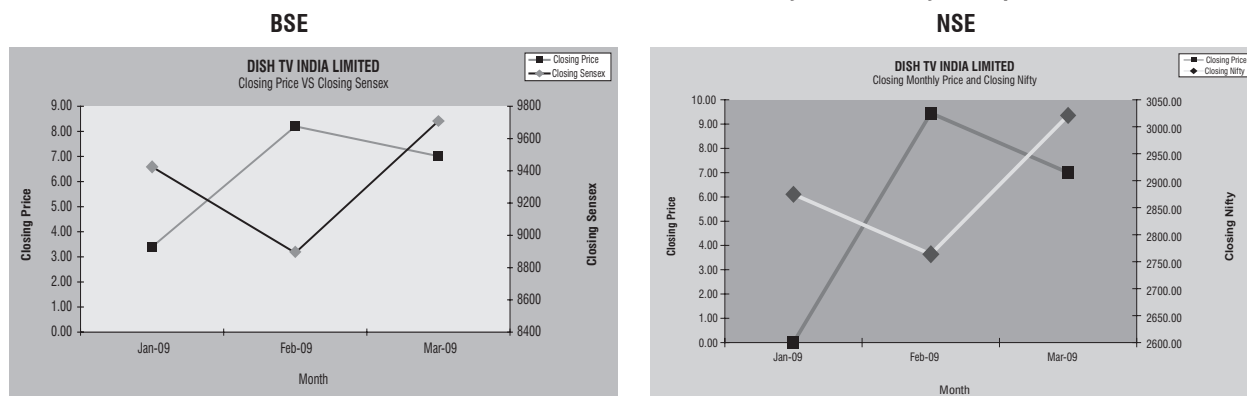


Partly Paid Shares:

Monthly high and low prices and traded quantity of Company's partly paid shares traded on Bombay Stock Exchange and National Stock Exchanges for the period from listing month to March 2009 are as under:

| Month | BSE | | | NSE | | |
|---------------|-------|------|-----------------|-------|------|-----------------|
| | High | Low | Traded Quantity | High | Low | Traded Quantity |
| January 2009 | 3.40 | 2.85 | 210 | - | - | - |
| February 2009 | 10.83 | 3.45 | 360851 | 10.90 | 6.65 | 37437 |
| March 2009 | 9.85 | 6.51 | 14409 | 9.10 | 6.50 | 19341 |

Relative Performance of Dish TV India Limited Shares Vs. BSE Sensex & Nifty Index – Partly Paid up Shares



b) Distribution of Shareholding as on March 31, 2009 – Consolidated (fully and partly paid up)

| No. of Equity Share | Share Holders | | No. of Shares | |
|---------------------|----------------|----------------|--------------------|----------------|
| | Number | % of Holders | Number | % of Shares |
| Up to 5000 | 248,343 | 99.40% | 57,676,330 | 6.09% |
| 5001 - 10000 | 818 | 0.33% | 6,013,851 | 0.64% |
| 10001 - 20000 | 332 | 0.13% | 4,790,791 | 0.51% |
| 20001 - 30000 | 88 | 0.03% | 2,101,582 | 0.22% |
| 30001 - 40000 | 41 | 0.02% | 1,430,099 | 0.15% |
| 40001 - 50000 | 39 | 0.02% | 1,777,739 | 0.19% |
| 50001 - 100000 | 44 | 0.02% | 3,316,716 | 0.35% |
| 100001 and Above | 138 | 0.05% | 869,265,287 | 91.85% |
| Total | 249,843 | 100.00% | 946,372,395 | 100.00% |

c) Top 10 Public Shareholders as on March 31, 2009 – Consolidated (fully and partly paid up)

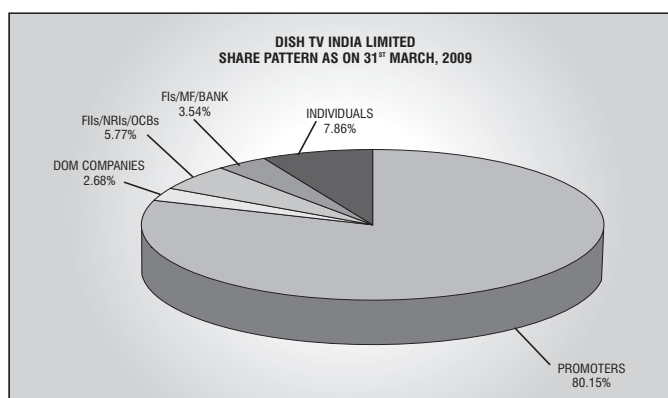
| Sr. No. | Name of Shareholder | No. of Shares held | % of shareholding |
|---------|--|--------------------|-------------------|
| 1 | Life Insurance Corporation of India | 12,314,813 | 1.30% |
| 2 | Oppenheimer Funds Inc. A/c Oppenheimer Global fund | 10,934,339 | 1.16% |
| 3 | Reliance Capital Trustee Co. Ltd. A/c Reliance Equity Opportunities Fund | 9,500,480 | 1.00% |
| 4 | FID Funds (Mauritius) Limited | 8,472,765 | 0.90% |
| 5 | Azim Hasham Premji | 7,874,042 | 0.83% |
| 6 | HDFC Trustee Company Limited-HDFC Equity Fund | 7,437,724 | 0.79% |
| 7 | Quantum (M) Limited | 5,818,438 | 0.62% |
| 8 | Matthews India Fund | 4,737,097 | 0.50% |
| 9 | India Capital Fund Limited | 4,281,875 | 0.45% |
| 10 | ICICI Prudential Life Insurance Company Ltd. | 3,491,822 | 0.37% |
| | TOTAL | 74,863,395 | 7.92% |

d) Promoter Shareholding as on March 31, 2009 - Consolidated (fully and partly paid up)

| No. | Name of Shareholder | No. of Shares held | % of shareholding |
|-----|---|--------------------|-------------------|
| 1 | Veena Investments Pvt. Ltd. | 208,633,443 | 22.05% |
| 2 | Churu Trading Co. Pvt. Ltd. | 190,449,138 | 20.12% |
| 3 | Jayneer Capital Pvt. Ltd | 161,573,370 | 17.07% |
| 4 | Prajatma Trading Co. Pvt. Ltd. | 79,609,638 | 8.41% |
| 5 | Premier Finance & Trading Co. Ltd. | 36,268,431 | 3.83% |
| 6 | Afro Asian Satellite Communication Ltd | 35,172,125 | 3.72% |
| 7 | Ganjam Trading Co. Pvt. Ltd. | 16,876,987 | 1.79% |
| 8 | Delgrada Limited | 10,190,293 | 1.08% |
| 9 | Lazarus Investments Limited | 6,612,500 | 0.70% |
| 10 | Briggs Trading Co. Pvt. Ltd. | 4,009,475 | 0.42% |
| 11 | Essel Infraprojects Limited (formerly known as Pan India Paryatan Limited) | 3,680,000 | 0.39% |
| 12 | Ambience Business Services Pvt. Ltd. (formerly known as Ambience Advertising Pvt. Ltd.) | 1,308,125 | 0.14% |
| 13 | Ashok Mathai Kurien | 1,174,150 | 0.12% |
| 14 | Laxmi Goel | 1,006,500 | 0.11% |
| 15 | Ashok Goel | 625,250 | 0.07% |
| 16 | Subhash Chandra | 500,000 | 0.05% |
| 17 | Sushila Devi | 403,750 | 0.04% |
| 18 | Jawahar Lal Goel | 209,000 | 0.02% |
| 19 | Sushila Goel | 182,000 | 0.02% |
| | Total | 758,484,175 | 80.15% |

e) Categories of Shareholders as on March 31, 2009 - (fully and partly paid up)

| Category | No. of shares held | % of shareholding |
|-----------------------------|--------------------|-------------------|
| Promoters | 758,484,175 | 80.15% |
| Individuals | 74,384,065 | 7.86% |
| Domestic Companies | 25,408,401 | 2.68% |
| FIs, Mutual funds and Banks | 33,488,121 | 3.54% |
| FIs, OCBs & NRI | 54,607,633 | 5.77% |
| Total | 946,372,395 | 100.00% |



SHAREHOLDERS SERVICES

Jagdish Patra

Company Secretary and Compliance Officer

Dish TV India Ltd.

FC-19, Sector 16A, Noida - 201 301, U.P., India

Tel.: +91-120-2599555/391 Fax : +91-120-435 7078

Management Discussion and Analysis

Dish TV – An Overview

The DTH Industry in India continued to grow from strength to strength with widespread awareness and product penetration aided by the entry of three new players. The annualized marketing spends of about Rs.550 crores collectively by all players of the category, led to swift expansion of numbers with the subscribers near doubling, over the previous year. The aggregate subscriber base in the category, touched around 11 million out of the total universe of cable and satellite households of 78 million. Despite an overall slowdown in the economy that impacted most industries, the DTH category remained almost unfazed with consistent growth rate being experienced, throughout the year.

The industry is expected to add up another ten million new subscribers during the current financial year due to aggressive marketing efforts of all players, which will be further boosted by forthcoming sporting events like a busy cricket calendar and the commonwealth games.

Key challenges for the industry, in the near future will be to seek a moderation in the multiple taxation regime including reduction of License Fee & abolition of Entertainment Tax, faster roll out of CAS to the next layer of towns, coping with a high subscriber acquisition cost, building content capacity under a dearth of availability of fresh transponder space, dealing with emerging category competition from Digital Cable and IPTV etc.

Dishtv added in the last year, two million new subscribers into its fold, as against one million in the previous year, representing a 100% growth despite heightened competition from three new players. The key focus areas included revenue enhancement, augmentation of content, roll out of new services and cost containment. The same trend of run rate of subscriber aggregation is expected to continue in the current financial year too, thus building the user base exponentially, over the year gone by.

Going forward, the emphasis for dishtv will be on building diversified content, preparation for the convergence of digital services, continually leading the curve with product innovations and services, improvised collection mechanisms aiding faster and higher recharges and producing customer delight for its subscribers at all touch points.

SWOT ANALYSIS

STRENGTH

Dishtv was the first entrant in the DTH category and has thus become synonymous with the satellite TV broadcasting business in India. Leveraging its lineage with the Zee group, dishtv has built a commendable brand and relevant product that answers the consumer needs' for quality entertainment. Some of the inherent strengths stem from a strong presence all across the geography of India, consumer friendly and pocket friendly multi-tiered and customizable regional packages, abundant transponder capacity to support its widest content basket, a very strong and diversified content offering addressing consumers with diverse needs of genres and languages,

an extremely cost conscious structure and a superior technology for the entire gamut of services. The technological edge and differentiation with respect to other brands stands exemplified through its unique offerings of mobile dish with presence in aircrafts(Kingfisher), navy war ships, mobile vans and selected railway saloons.

WEAKNESS

The subscriber acquisition cost is still very high. However, compared to the current industry benchmarks, it stands at the lowest by far. The cost towards acquiring consumers is under constant scrutiny in an endeavor to bring it down. In a market trend of consumers down-sliding on the packaging tiers, due to more value being packaged at the lowest packs, dishtv has exhibited a growth in ARPU. However, ARPU continues to be an area of concern with the constant endeavor to monitor, upgrade and enhance the revenues.

OPPORTUNITIES

India's 127 million television owning households, which define the potential depth for the DTH category will act as a low hanging fruit for adoption. The further roll out of CAS by the new Government, into more towns will impact the growth rate of the DTH category and trigger consumers to make a decision between digital cable and DTH, thereby aiding faster expansion of the digital entertainment world. Enrichment of Value Added Services(VAS) basket with gaming and a host of active services, some going pay, will continue to be opportunity areas for revenue enhancement. An eventful sporting calendar with the ensuing Commonwealth games and a series of Cricketing tournaments will act as a catalyst for this category too. The recent stabilization and a revived hope for bouncing back of the economy as early as the second half of this year will facilitate faster adoption of the category. Emergence and growth of traffic at the organized retail chains like Big bazaar, Next, The mobile store, Reliance digital etc. will also add more visibility leading to better acceptance of the product.

THREATS

DTH is currently a five player market. Price cuts and reduced margins, spurred by severe competition, can pose a threat to revenue enhancement. Improved quality of services by digital cable and IPTV players are potential threats. Churn management and retention costs can negatively impact bottom-lines unless constant attention and strategy is deployed to manage and control the subscribers' base.

BUSINESS STRATEGIES

Though there has been a paradigm shift in the perception and awareness of the DTH industry in the last two years, the challenge is to maintain, grow and create a dynamic atmosphere for greater customer satisfaction and adoption of this category. The theme for the current year will be more value for money to the customers, enhanced value for the stakeholders of the Company, achieving EBITA breakeven and consolidating the number one status in the category - in terms of revenue, number of subscribers and quality of service.

The primary focus would be on the following :

Revenue Enhancement

Creation and on-going management of multiple price points, greater emphasis on up selling and cross selling of new packages through trade incentivisation and consumer promotional schemes, revenue build up using al-a-carte packs, wider offerings on Movie on Demand, increased emphasis on bandwidth revenues, adoption and usage of pay gaming and inter-active services, will be some of the key revenue drivers. Tapping of high end customers for higher ARPU in the longer run, will be initiated through our tie-ups with key chain stores, direct corporate sales, better farming of MDU (multi dwelling unit) buildings etc.

Cost Containment

Cost Rationalization will continue to be one of the main focus areas to derive better efficiency from the available resources and optimize productivity and output to derive better value for money. Various initiatives have already resulted in huge savings on account of sales & distribution cost, collection cost, various administrative cost, marketing cost etc. An optimal utilization of below the line budgets along with efficient planning of above the line budgets, has given great returns, with dishtv enjoying the best advertising to sales ratio in the category. Employee cost is contained through better manpower planning and a robust appraisal system for reward and retention. Evolution of better understanding and long term relationship with the Pay channel Broadcasters will lead to lower content cost and enrich our content offering across various schemes.

Branding

With the evolution of competition, it has become imperative to maintain a differentiated positioning and own a distinctive brand identity. Shah Rukh Khan, the No. 1 actor of Bollywood who has already added a lot of scale and stature to the brand, will continue as our brand ambassador for the next year too. The marketing strategy will be led by thematic campaigns, that set the brand for a distinct consumer connect, and increase brand salience across top of the line namely television, print, internet, out of home and radio. These will be supported by tactical moves that drive consumer value proposition and product advantage at the shop level. Greater emphasis will be placed on adoption of value added services, al-a-carte packs and various ARPU enhancement schemes.

Customer Service

Enrichment of subscriber services and experience across all touchpoints is an underlying mantra that drives all efforts by the dishtv team. A pool of 100+ dish care centers, service franchisees, dish shopees etc. collectively act to improvise service touch points and address the customers' requirements, in the market place. Regular training is imparted to our service personnel and other service partners on a continuous basis and various steps are taken to monitor their performance and reward them accordingly. During

the year, a new call center with state of the art facilities was made fully functional to serve customers better by ensuring least waiting time and quick online resolution of their problems. This will continue to be our focus area and act as one of the key differentiators with respect to competition.

Risk Management and Internal Control

The Company is having a Risk Management policy to identify, analyse, mitigate and control various risks associated with the business environment. Some of the processes are as follows:

Risk Identification: The Risk Manager is on a continuous look out for various risks affecting the business particularly related to market dynamics, business laws, systems and processes, internal control mechanisms, governance and technology. These risks are studied in terms of their relevance and impact on the business. Once risks are identified, they are further discussed and analysed for proper mitigation.

Continuous Monitoring and Assurance : All key risks once identified are monitored and evaluated to minimize their impact and eradicate any unpredictable consequences. The effectiveness of the monitoring system is also evaluated from time to time.

We are importing most of our equipments and are exposed to foreign exchange fluctuations. We have partially hedged our forex borrowing and waiting for an opportune moment to hedge the balance forex exposure. We don't keep our position open for forex transactions.

We have also borrowed money from the banking systems and are exposed to the interest rate fluctuations which can impact our cash flow. It is continuously monitored to derive the optimum interest costs and avoid volatility over a period of time.

Talent Management

The Company's talent Identification process is aimed at identifying employees who have the aptitude, capabilities and qualities necessary to undertake work, involving greater responsibility and skill levels, than their current one. Another aspect of talent identification is to create a Talent pool by identifying individuals with leadership qualities and nurturing them as future leaders. A proactive and an effective succession management is in place, to nurture the talent pool. Individual development plans have been drawn detailing the career steps of the individual.

Cautionary Statement

Statements in this report describing the company's objectives, expectations or predictions may be forward looking within the meaning of the applicable laws and regulations. The actual results may differ materially from those expressed in this statement.

Auditors' Report

To,
The Members,
Dish TV India Limited

1. We have audited the attached Balance Sheet of **Dish TV India Limited** ("the Company") as at March 31, 2009 and also the Profit and Loss Account and the Cash Flow Statement 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 the 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 (Auditors' Report) Order, 2003 (the 'Order') issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956 ("the Act"), on the basis of such checks as we considered appropriate and according to the information and explanations given to us, we annex hereto a statement on the matters specified in paragraph 4 and 5 of the said Order.
4. Without qualifying our report, we draw reference to Note 24 regarding preparation of these financial statements on going concern basis.
5. Further to our comments in the Annexure referred to in paragraph (3) above, we report that:
 - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b) In our opinion, proper books of accounts as required by law have been kept by the Company, so far as appears from our examination of those books;
 - c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Act;
 - e) On the basis of written representations received from the directors, and taken on record by the Board, we report that none of the director is disqualified as at March 31, 2009 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act;
 - f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together the significant accounting policies and notes thereon give the information required by the Act, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
 - i) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2009;
 - ii) In the case of the Profit and Loss Account, of the **Loss** of the Company for the year ended on that date; and
 - iii) In the case of Cash Flow Statement, of the cash flows for the year ended on that date.

L.K. Shrishrimal
Partner
Membership No. 72664

For and on behalf of
MGB & Co.
Chartered Accountants

Place : Noida
Dated : June 18, 2009

Annexure referred to in paragraph 3 of Auditors' Report to the members of Dish TV India Limited on the accounts for the year ended March 31, 2009.

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of its fixed assets.
- (b) According to the information and explanations given to us, the fixed assets, *other than consumer premises equipments (CPE) installed at the customer premises and CPE under Capital Work in Progress which is major part of the fixed assets*, have been physically verified by the management as per the phased program of verification and no material discrepancies were noticed on such verification. In our opinion the frequency of such verification is reasonable having regard to the size of the Company and nature of its assets.
- (c) During the year, there was no disposal of substantial part of fixed assets.
- (ii) (a) The inventory has been physically verified by the management at the end of the year. In our opinion, the frequency of such verification is reasonable.
- (b) In our opinion the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) In our opinion, the Company has maintained proper records of the inventory and no discrepancy were noticed on physical verification as compared to book records.
- (iii) (a) The Company has not granted any loan, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Act.
- (b) According to the information and explanations given to us, the Company has taken an unsecured loan from a company covered in the register maintained under Section 301 of the Act. The maximum balance during the year was Rs. 2,316.31 lacs and the year end balance of such loan is Rs Nil.
- (c) The rate of interest and other terms and conditions of such loan are prima facie not prejudicial to the interests of the Company.
- (d) There is no overdue amount of the loan taken at the year end.
- (iv) In our opinion and according to the information and explanations given to us, there is adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventory, fixed assets and sale of goods and services. During the course of our audit, no major weaknesses were noticed in the internal control system in respect of the aforesaid areas.
- (v) (a) Based on the audit procedures applied by us and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements, that need to be entered in the register maintained under Section 301 of the Act have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transaction made in pursuance of contracts or arrangements entered into the register maintained under Section 301 of the Act and exceeding the value of Rupees five lacs in respect of each party during the year, have been made at prices which appear reasonable having regard to the prevailing prices at the relevant time.
- (vi) The Company has not accepted any deposits from the public within the meaning of Section 58A and 58AA of the Act and the rules framed there under.
- (vii) In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
- (viii) We are informed that the Central Government has not prescribed maintenance of cost records under Section 209 (1) (d) of the Act in respect of the Company's activities.
- (ix) According to the records of the Company examined by us and information and explanations given to us:
- (a) The Company has been generally regular in depositing, except delay in few cases, its statutory dues including Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income Tax, Sales Tax/VAT, Wealth Tax, Custom Duty, Excise Duty, Service Tax, Entertainment Tax, Cess and others as applicable. There are no undisputed amounts payable in respect of the aforesaid dues which have been remained outstanding as at March 31, 2009 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, there are no dues of Income Tax Sales Tax/VAT, Custom Duty, Wealth Tax, Excise Duty and Cess which have not been deposited on account of any dispute *except the following:*

| Name of statute | Nature of dues | Amount (Rs. in lacs) | Period to which pertain | Forum where dispute is pending |
|---|--------------------------------------|----------------------|-----------------------------|--|
| Uttar Pradesh Entertainment & Betting Tax Act, 1979 | Entertainment Tax | 919.95 | 2003 - 2004 to 2006 - 2007 | Allahabad High Court |
| Central Sales Tax Act, 1956 | Sales Tax | 36.16 | 2005-2006 | Additional Commissioner, Delhi |
| A P VAT Act, 2005 | VAT (including penalty and interest) | 286.09 | May, 2006 to February, 2008 | The Appellate Deputy Commissioner (CT) Hyderabad |

- (x) The accumulated losses of the Company are more than fifty percent of its net worth at the end of the financial year. Further, the Company has incurred cash losses during the current financial year as well as in the immediately preceding financial year.
- (xi) On the basis of our examination and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to banks/financial institutions *except delays in payment to banks as under:*

| Nature of Dues | Amount involved (Rs. in lacs) | Period of Default (In days) |
|--|-------------------------------|-----------------------------|
| Loan principal (including devolvement of Letter of Credit) | 3,923.05 | 1-10 |
| | 1,642.84 | 11-20 |
| | 1,355.65 | 21-25 |
| | 2,043.30 | 44 |
| Interest on loans | 1,361.24 | 1-10 |
| | 848.78 | 11-20 |
| | 350.13 | 21-28 |
| | 143.17 | 74 |
| | 0.52 | 87 |

- (xii) According to the information and explanations given to us, the Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities.

- (xiii) The Company is not chit fund or a nidhi / mutual benefit fund/ society.
- (xiv) The Company has not dealt in or traded in shares, securities, debentures and other investments.
- (xv) According to the information and explanations given to us, the Company has not given any guarantees for loan taken by others from banks and financial institutions.
- (xvi) According to the information and explanations given to us and based on overall examination of records, in our opinion, term loan availed by the Company has been applied for the purpose for which loan was raised except Rs. 17,327.12 lakhs which is temporarily deployed in the business.
- (xvii) On the basis of overall examination of Balance Sheet and the Cash Flow Statement of the Company and related information as made available to us, we report that funds raised on short term basis have not been used for long term investments.
- (xviii) The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year.
- (xix) The Company has not issued any secured debentures during the year.
- (xx) We have verified the end use of money raised by way of Rights issue as disclosed in Note 35.2 to the financial statements.
- (xxi) Based on the audit procedures and according to the information and explanation given to us, we report that no fraud on or by the Company has been noticed or reported during the year.

L.K. Shrishrimal
Membership No. 72664
Partner

For and on behalf of
MGB & Co.
Chartered Accountants

Place : Noida
Dated : June 18, 2009

Balance Sheet as at March 31,

| | Notes | 2009 | (Currency: Indian Rupee) 2008 |
|---|-------|------------------------------|----------------------------------|
| SOURCES OF FUNDS | | | |
| Shareholders' Funds | | | |
| Share Capital | 2 | 687,297,599 | 428,222,803 |
| Reserves and Surplus | 3 | 2,792,321,328 | - |
| | | <u>3,479,618,927</u> | <u>428,222,803</u> |
| Loan Funds | | | |
| Secured Loans | 4 | 2,696,204,935 | 683,867,989 |
| Unsecured Loans | 5 | 8,615,161,452 | 4,582,382,574 |
| | | <u>11,311,366,387</u> | <u>5,266,250,563</u> |
| TOTAL | | <u><u>14,790,985,314</u></u> | <u><u>5,694,473,366</u></u> |
| APPLICATION OF FUNDS | | | |
| Fixed Assets | | | |
| Gross Block | 6 | 13,122,759,845 | 8,480,379,746 |
| Less: Depreciation/Amortization | | 4,316,329,372 | 2,164,124,767 |
| Net Block | | 8,806,430,473 | 6,316,254,979 |
| Capital Work in Progress | | 2,380,910,113 | 1,379,766,116 |
| | | <u>11,187,340,586</u> | <u>7,696,021,095</u> |
| Investments | 7 | 944,510,040 | 944,510,040 |
| Current Assets, Loans and Advances | | | |
| Inventories | 8 | 30,933,149 | 47,121,761 |
| Sundry Debtors | 9 | 506,571,541 | 384,369,921 |
| Cash and Bank Balances | 10 | 540,370,438 | 199,423,105 |
| Loans and Advances | 11 | 7,759,639,333 | 2,844,150,261 |
| | | <u>8,837,514,461</u> | <u>3,475,065,048</u> |
| Less: Current Liabilities and Provisions | 12 | | |
| Current Liabilities | | 15,843,430,347 | 11,340,786,570 |
| Provisions | | 55,283,532 | 35,340,748 |
| | | <u>15,898,713,879</u> | <u>11,376,127,318</u> |
| Net Current Assets | | <u>(7,061,199,418)</u> | <u>(7,901,062,270)</u> |
| Profit and Loss Account | 13 | 9,720,334,106 | 4,955,004,501 |
| TOTAL | | <u><u>14,790,985,314</u></u> | <u><u>5,694,473,366</u></u> |

The accompanying notes form an integral part of these financial statements

As per our attached report of even date

L.K. Shrishrimal
Partner

For and on behalf of
MGB & Co.
Chartered Accountants

Place : Noida
Date : June 18, 2009

For and on behalf of Board

Jawahar Lal Goel
Managing Director

Rajeev K Dalmia
Chief Financial Officer

B D Narang
Director

Jagdish Patra
Company Secretary

Profit and Loss Account for the year ended March 31,

| | Notes | 2009 | 2008 |
|--|-------|--------------------------------|-------------------------------|
| (Currency: Indian Rupee) | | | |
| INCOME | | | |
| Sales and Services | 14 | 7,376,944,910 | 4,133,182,606 |
| Other Income | 15 | 12,720,981 | 23,986,726 |
| | | <u>7,389,665,891</u> | <u>4,157,169,332</u> |
| EXPENDITURE | | | |
| Cost of Traded Goods | 16 | 143,020,734 | 204,525,875 |
| Operating Expenses | 17 | 5,263,396,655 | 3,430,297,809 |
| Personnel Cost | 18 | 393,832,148 | 295,075,929 |
| Administration and Other Expenses | 19 | 417,848,773 | 321,549,727 |
| Selling and Distribution Expenses | 20 | 2,509,176,837 | 2,028,159,412 |
| Financial Expenses (Net) | 21 | 1,263,817,888 | 513,241,235 |
| Depreciation/Amortization | 6 | 2,154,074,838 | 1,490,472,689 |
| | | <u>12,145,167,873</u> | <u>8,283,322,676</u> |
| Profit/(Loss) before Tax | | (4,755,501,982) | (4,126,153,344) |
| Provision for Taxation - Current Tax | | - | - |
| - Deferred Tax (Refer Note 27.2) | | - | - |
| - Fringe Benefit Tax | | 7,200,000 | 5,743,502 |
| - Wealth Tax | | 71,603 | 50,911 |
| - Short Provision in earlier years | | - | 98,142 |
| Profit/(Loss) after Tax | | (4,762,773,585) | (4,132,045,899) |
| Balance Brought Forward | | (6,650,861,299) | (2,518,815,400) |
| Balance Carried over to Balance Sheet | | <u>(11,413,634,884)</u> | <u>(6,650,861,299)</u> |
| Basic and Diluted Earnings Per Share calculated on Share of Re. 1 each (Refer Note 38) | | (10.02) | (9.96) |
| The accompanying notes form an integral part of these financial statements | | | |

As per our attached report of even date

L.K. Shrishrimal
Partner

For and on behalf of
MGB & Co.
Chartered Accountants

Place : Noida
Date : June 18, 2009

For and on behalf of Board

Jawahar Lal Goel
Managing Director

Rajeev K Dalmia
Chief Financial Officer

B D Narang
Director

Jagdish Patra
Company Secretary

Notes to Financial Statements as at March 31,

(Currency: Indian Rupee)

| | 2009 | 2008 |
|---|----------------------|----------------------|
| 2. SHARE CAPITAL | | |
| Authorized | | |
| 1000,000,000 (730,000,000) Equity Shares of Re. 1 each | <u>1,000,000,000</u> | <u>730,000,000</u> |
| Issued, Subscribed and Paid-up | | |
| 428,222,803 Equity Shares of Re. 1 each fully paid up (Of the above 249,300,890 Equity Shares of Re. 1 each fully paid up were allotted for consideration other than cash pursuant to the Scheme of Arrangement) | <u>428,222,803</u> | 428,222,803 |
| 518,149,592 (Nil) Equity Shares of Re. 1 each, paid up Re. 0.50 per share (Refer Note 35) | <u>259,074,796</u> | - |
| TOTAL | <u>687,297,599</u> | <u>428,222,803</u> |
| 3. RESERVES AND SURPLUS | | |
| Securities Premium (Refer Note 35) | | |
| As per Last Balance Sheet | - | - |
| Add: Received during the year | <u>2,849,822,756</u> | - |
| | <u>2,849,822,756</u> | - |
| Less: Rights Issue Expenses (Refer Note 35.3) | <u>57,501,428</u> | - |
| | <u>2,792,321,328</u> | - |
| General Reserves | | |
| As per Last Balance Sheet (As per Scheme of Arrangement) | <u>1,695,856,798</u> | 1,695,856,798 |
| Less: Debit balance in Profit and Loss Account per contra | <u>1,695,856,798</u> | 1,695,856,798 |
| | - | - |
| TOTAL | <u>2,792,321,328</u> | <u>-</u> |
| 4. SECURED LOANS | | |
| (For Security and other details Refer Note 25) | | |
| Term Loan from Banks | <u>2,590,700,000</u> | - |
| Bridge Loan from Bank | - | 604,780,715 |
| Cash Credit from Bank | <u>74,604,622</u> | 75,872,009 |
| Vehicle Loan | <u>3,227,266</u> | 3,215,265 |
| Interest accrued and due | <u>27,673,047</u> | - |
| TOTAL | <u>2,696,204,935</u> | <u>683,867,989</u> |
| 5. UNSECURED LOANS (Refer Note 26) | | |
| Term Loan from Bank | <u>5,163,024,160</u> | 351,714,000 |
| Short Term Loan from Bank | <u>1,000,000,000</u> | 800,000,000 |
| Inter Corporate Deposit | <u>2,438,218,875</u> | 3,279,700,000 |
| Interest accrued and due | <u>13,918,417</u> | 150,968,574 |
| TOTAL | <u>8,615,161,452</u> | <u>4,582,382,574</u> |

Notes to Financial Statements as at March 31,

(Currency: Indian Rupee)

6. FIXED ASSETS (At Cost)

| Particulars | GROSS BLOCK | | | DEPRECIATION / AMORTIZATION | | | | NET BLOCK | | |
|------------------------------------|----------------------|----------------------|------------------|-----------------------------|----------------------|----------------------|------------------|----------------------|----------------------|----------------------|
| | As at April 01, 2008 | Additions | Sale/ Adjustment | As at March 31, 2009 | Upto March 31, 2008 | For the year | Sale/ Adjustment | Upto March 31, 2009 | As at March 31, 2009 | As at March 31, 2008 |
| Intangible Assets | | | | | | | | | | |
| Goodwill | 451,177,637 | - | - | 451,177,637 | 112,794,409 | 90,235,527 | - | 203,029,936 | 248,147,701 | 338,383,228 |
| Licence fees | 100,000,000 | 17,362,250 | - | 117,362,250 | 45,000,000 | 12,604,338 | - | 57,604,338 | 59,757,912 | 55,000,000 |
| Software | 175,624,427 | 17,995,984 | - | 193,620,411 | 70,257,232 | 36,865,678 | - | 107,122,910 | 86,497,501 | 105,367,195 |
| Total (A) | 726,802,064 | 35,358,234 | - | 762,160,298 | 228,051,641 | 139,705,543 | - | 367,757,184 | 394,403,114 | 498,750,423 |
| Tangible Assets | | | | | | | | | | |
| Plant and Machinery | 783,179,833 | 95,680,885 | - | 878,860,718 | 208,867,809 | 94,217,447 | - | 303,085,256 | 575,775,462 | 574,312,024 |
| Consumer Premises Equipments (CPE) | 6,892,742,770 | 4,486,651,514 | - | 11,379,394,284 | 1,707,822,937 | 1,903,877,307 | - | 3,611,700,244 | 7,767,694,040 | 5,184,919,833 |
| Computers | 29,964,256 | 23,759,923 | - | 53,724,179 | 6,703,985 | 10,505,404 | - | 17,209,389 | 36,514,790 | 23,260,271 |
| Equipments | 9,504,767 | 2,374,418 | 30,710 | 11,848,475 | 1,169,308 | 680,154 | 448 | 1,849,014 | 9,999,461 | 8,335,459 |
| Furniture and Fixtures | 7,180,689 | 775,704 | 195,000 | 7,761,393 | 1,745,322 | 533,160 | 24,721 | 2,253,761 | 5,507,632 | 5,435,367 |
| Vehicles | 23,376,290 | 5,494,918 | 7,489,787 | 21,381,421 | 5,357,327 | 2,678,062 | 1,845,064 | 6,190,325 | 15,191,096 | 18,018,963 |
| Leasehold Improvements | 7,629,077 | - | - | 7,629,077 | 4,406,438 | 1,877,761 | - | 6,284,199 | 1,344,878 | 3,222,639 |
| Total (B) | 7,753,577,682 | 4,614,737,362 | 7,715,497 | 12,360,599,547 | 1,936,073,126 | 2,014,369,295 | 1,870,233 | 3,948,572,188 | 8,412,027,358 | 5,817,504,556 |
| Total (A+B) | 8,480,379,746 | 4,650,095,596 | 7,715,497 | 13,122,759,845 | 2,164,124,767 | 2,154,074,838 | 1,870,233 | 4,316,329,372 | 8,806,430,472 | 6,316,254,979 |
| Previous Year | 6,170,233,854 | 2,310,760,331 | 614,439 | 8,480,379,746 | 673,702,453 | 1,490,472,689 | 50,375 | 2,164,124,767 | 6,316,254,979 | |

Note:

- Details of assets given on Operating Lease is given in Note 33.2
- Refer Note 30.11.2 for foreign currency exchange difference capitalised during the year.

7. INVESTMENTS (Refer Note 28)

Long Term (At Cost) - Unquoted In Subsidiaries

12,470,544 Equity Shares of Rs.10 each fully paid up of Agrani Convergence Limited (Extent of holding 51%)*
50,000 Equity Shares of Rs.10 each fully paid up of Integrated Subscribers Management Services Limited (Wholly owned)
94,401,004 Equity Shares of Rs.10 each fully paid up of Agrani Satellite Services Limited (Wholly owned)

Less: Provision for diminution in the value*

TOTAL

Aggregate Book value of unquoted investments

8. INVENTORIES

(As taken, valued and certified by the management)

Stock in Trade (CPE & Accessories)

TOTAL

| | 2009 | 2008 |
|--|----------------------|---------------|
| | | |
| | 124,705,440 | 124,705,440 |
| | 500,000 | 500,000 |
| | 944,010,040 | 944,010,040 |
| | 1,069,215,480 | 1,069,215,480 |
| | 124,705,440 | 124,705,440 |
| | 944,510,040 | 944,510,040 |
| | 944,510,040 | 944,510,040 |
| | | |
| | 30,933,149 | 47,121,761 |
| | 30,933,149 | 47,121,761 |

Notes to Financial Statements as at March 31,

(Currency: Indian Rupee)

| | 2009 | 2008 |
|---|-----------------------|-----------------------|
| 9. SUNDRY DEBTORS | | |
| (Unsecured, considered good unless otherwise stated) | | |
| More than six months [Includes doubtful Rs. 18,684,042 (Rs. 8,310,057)] | 362,412,058 | 315,015,119 |
| Others [Includes doubtful Rs. NIL (Rs. 16,160,689)] | 162,843,525 | 93,825,548 |
| TOTAL | 525,255,583 | 408,840,667 |
| Less: Provision for Doubtful Debts | 18,684,042 | 24,470,746 |
| TOTAL | 506,571,541 | 384,369,921 |
| 10. CASH AND BANK BALANCES | | |
| Cash in Hand | 4,469,835 | 1,564,922 |
| Balance with Scheduled Banks: | | |
| In Current Account | 243,412,046 | 113,695,520 |
| In Fixed Deposit / Margin Account (Pledged / under lien with banks and others) | 292,389,981 | 84,162,663 |
| Cheques in Hand | 98,576 | - |
| TOTAL | 540,370,438 | 199,423,105 |
| 11. LOANS AND ADVANCES (Refer Note 30.5) | | |
| (Unsecured, considered good unless otherwise stated) | | |
| Loans | 957,267,575 | 895,507,002 |
| Advances: | | |
| Advance against share application money | 630,003,231 | 633,353,285 |
| Other Advances* | 7,216,687,192 | 2,484,915,782 |
| Deposits | 181,724,644 | 56,417,501 |
| | 8,985,682,642 | 4,070,193,570 |
| Less: Provision for Doubtful Advances* | 1,226,043,309 | 1,226,043,309 |
| TOTAL | 7,759,639,333 | 2,844,150,261 |
| 12. CURRENT LIABILITIES AND PROVISIONS | | |
| Current Liabilities (Refer Note 30.3) | | |
| Creditors for Goods | 880,836,870 | 488,807,521 |
| Creditors for Expenses and Other Liabilities (Refer Note 30.6) | 6,554,137,239 | 3,819,292,810 |
| Advances / Deposits Received | 8,394,002,884 | 7,020,368,994 |
| Interest Accrued but not due | 14,453,354 | 12,317,245 |
| | 15,843,430,347 | 11,340,786,570 |
| Provisions | | |
| For Taxation | 15,878,611 | 14,539,637 |
| For Retirement Benefits | 39,404,921 | 20,801,111 |
| | 55,283,532 | 35,340,748 |
| TOTAL | 15,898,713,879 | 11,376,127,318 |
| 13. PROFIT AND LOSS ACCOUNT | | |
| Balance as per Profit and Loss Account | 11,413,634,884 | 6,650,861,299 |
| Add: Adjustment pursuant to adoption of option granted under AS-11 (Refer Note 30.11.2) | 2,556,020 | - |
| | 11,416,190,904 | 6,650,861,299 |
| Less: Adjusted against General Reserve per contra | 1,695,856,798 | 1,695,856,798 |
| TOTAL | 9,720,334,106 | 4,955,004,501 |

Notes to Financial Statements for the year ended March 31,

| | 2009 | 2008 |
|---|----------------------|----------------------|
| (Currency: Indian Rupee) | | |
| 14. SALES AND SERVICES | | |
| Income from DTH Subscribers: | | |
| Subscription Revenue | 5,897,360,176 | 3,288,419,875 |
| Lease Rentals | 1,007,177,287 | 603,614,861 |
| Other Operating Income | 1,776,835 | 348,100 |
| Teleport Services | 133,063,394 | 112,174,801 |
| Bandwidth Charges | 242,236,743 | 5,396,513 |
| Sales - CPE, Accessories and Others | 95,330,475 | 123,228,456 |
| TOTAL | 7,376,944,910 | 4,133,182,606 |
| 15. OTHER INCOME | | |
| Exchange Difference (Net) | - | 20,868,478 |
| Profit on redemption of units of Mutual Funds | - | 2,486,905 |
| Other Income | 12,720,981 | 631,343 |
| TOTAL | 12,720,981 | 23,986,726 |
| 16. COST OF TRADED GOODS | | |
| Opening Stock | 47,121,761 | 11,370,689 |
| Purchases | 126,832,122 | 240,276,947 |
| | 173,953,883 | 251,647,636 |
| Less: Closing Stock | 30,933,149 | 47,121,761 |
| TOTAL | 143,020,734 | 204,525,875 |
| 17. OPERATING EXPENSES | | |
| Transponder Lease | 477,304,543 | 344,861,522 |
| License Fees | 745,617,013 | 406,844,958 |
| Uplink Charges | 89,746,010 | 69,190,102 |
| Programming and Other Costs | 3,771,096,236 | 2,532,743,455 |
| Entertainment Tax | 178,494,721 | 73,803,895 |
| Other Operating Charges | 1,138,132 | 2,853,877 |
| TOTAL | 5,263,396,655 | 3,430,297,809 |
| 18. PERSONNEL COST | | |
| Salary, Bonus and Allowances | 352,993,682 | 265,218,203 |
| Contribution to Provident and Other Funds | 20,987,821 | 14,981,781 |
| Staff Welfare | 13,095,485 | 13,653,964 |
| Recruitment and Training Expenses | 6,755,160 | 1,221,981 |
| TOTAL | 393,832,148 | 295,075,929 |

Notes to Financial Statements for the year ended March 31,

| | | (Currency: Indian Rupee) | |
|---|-----------|--------------------------|----------------------|
| | | 2009 | 2008 |
| 19. ADMINISTRATION AND OTHER EXPENSES | | | |
| Rent | | 39,914,124 | 22,385,502 |
| Rates and Taxes | | 6,373,743 | 242,167 |
| Electricity Charges | | 21,447,776 | 10,623,438 |
| Insurance | | 5,197,659 | 3,284,685 |
| Repairs and Maintenance - Plant and Machinery | | 13,494,075 | 13,984,845 |
| - Building | | 2,929,235 | 3,599,818 |
| - Others | | 6,393,097 | 7,767,202 |
| Vehicles Expenses | | 2,028,335 | 3,039,842 |
| Legal and Professional Fees | | 50,424,999 | 36,270,795 |
| Director Sitting Fees | | 500,000 | 410,000 |
| Printing and Stationary | | 29,848,836 | 20,068,098 |
| Communication Expenses | | 36,722,162 | 37,707,707 |
| Traveling and Conveyance | | 53,624,904 | 44,550,116 |
| Miscellaneous Expenses | | 16,470,179 | 38,678,646 |
| Balance Written Off (Net) | | - | 1,061,334 |
| Service and Hire Charges | | 31,505,547 | 29,812,564 |
| Freight, Cartage and Demurrage | | 88,588,303 | 32,963,775 |
| Bad Debts | 8,975,227 | - | - |
| Less: Transfer from Provision for Bad Debts | 5,786,704 | 3,188,523 | - |
| Loss on sale/discard of Fixed Assets | | 9,197,276 | 15,099,193 |
| TOTAL | | 417,848,773 | 321,549,727 |
| 20. SELLING AND DISTRIBUTION EXPENSES | | | |
| Advertisement and Publicity Expenses | | 897,828,222 | 969,073,221 |
| Business Promotion Expenses | | 21,454,480 | 20,736,195 |
| Commission | | 1,126,323,468 | 758,438,585 |
| Customer Support Service | | 463,570,667 | 279,911,411 |
| TOTAL | | 2,509,176,837 | 2,028,159,412 |
| 21. FINANCIAL EXPENSES (NET) | | | |
| Interest on: | | | |
| - Fixed Loan | | 372,661,700 | 258,636,456 |
| - Others | | 437,758,654 | 275,495,556 |
| | | 810,420,354 | 534,132,012 |
| Less : Interest Received (Gross) | | 83,410,511 | 64,667,622 |
| [TDS Rs. 3,924,539 (Rs. 1,177,012)] | | 727,009,843 | 469,464,390 |
| Exchange Difference (Net) | | 244,361,235 | - |
| Bank and Other Financial Charges | | 292,446,810 | 43,776,845 |
| TOTAL | | 1,263,817,888 | 513,241,235 |

Notes to Financial Statements for the year ended March 31, 2009

(Currency: Indian Rupee)

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Accounting Convention:

- i. The Company generally follows mercantile system of accounting and recognizes income and expenditure on accrual basis except those with significant uncertainties.
- ii. The financial statements have been prepared under the historical cost convention and in accordance with the accounting standards referred to in Section 211 (3C) of the Companies Act, 1956.

(b) Fixed Assets:

I. Intangible fixed assets

- i. Cost of computer software includes license fees, cost of implementation and system integration expenses. These costs are capitalized as intangible assets in the year in which related software is implemented.
- ii. License fees paid, including for acquiring license to operate Direct to Home (DTH) services, are capitalized as intangible asset.

II. Tangible fixed assets

- i. Tangible fixed assets are stated at cost less accumulated depreciation. Cost includes capital cost, freight, installation cost, duties and taxes, borrowing cost and other incidental expenses incurred during the construction/installation stage attributable to bringing the assets to working condition for its intended use.
- ii. All capital costs and incidental expenditure incurred during the pre operational period and advances paid for capital expenditure are shown as Capital work-in-progress.
- iii. Customer premises equipments are capitalized on activation.

(c) Depreciation/Amortization:

- i. Depreciation on tangible fixed assets is provided on straight line method at the rates and in the manner prescribed in Schedule XIV to the Companies Act 1956, except customer premises equipments on which depreciation is provided @ 20% based on useful life estimated by the Management.
- ii. Leasehold improvements are amortized over the period of primary lease.
- iii. Computer Software is amortized from the date of implementation on straight line method over a period of five years based on the management estimate of useful life or license period, whichever is shorter.
- iv. Goodwill on acquisition is amortised over a period of five years.
- v. License fee for DTH License is amortized over the period of license and other license fees are amortized over the management estimate of useful life of five years.

(d) Revenue Recognition:

- i. Subscription and other services revenues are recognized on the completion of the service.
- ii. Lease Rentals is recognized as revenue as per the terms of the contract of operating lease.
- iii. Sale of goods is recognized when risk and rewards of ownership are passed on to the customer, which is generally on dispatch of goods.

(e) Investments:

Investment intended to be held for more than one year from the date of acquisition are classified as long term investment and are carried at cost. Provision for diminution in value of investments is made to recognize a decline other than temporary. Current investments are stated at cost or fair value, whichever is lower.

Notes to Financial Statements for the year ended March 31,

(Currency: Indian Rupee)

(f) Inventories:

Inventories of Customer Premises Equipments (CPE) and related accessories are valued at lower of cost or net realizable value. Cost is determined on weighted average basis.

(g) Retirement Benefits:

i. Defined Contribution Plan

The retirement benefits in the form of provident fund, the contribution payable by the Company is charged to Profit and Loss account of the year.

ii. Defined Benefit Plan

The Present value of defined benefit obligation and the related current service cost are measured using the projected unit credit method with actuarial valuation being carried out at each balance sheet date. The defined benefit obligations are not funded.

Leave encashment:

Liability for leave encashment is provided on the basis of actuarial valuation at the balance sheet date.

Gratuity:

Liability for gratuity for the year is provided on the basis of actuarial valuation, as per defined benefit retirement plan covering eligible employees. The plan provides payment, to vested employees on retirement, death or termination of employment of an amount based on the respective employee's salary and the terms of employment with the Company.

(h) Employees Stock Option Scheme:

In respect of stock option granted pursuant to the Company's Stock Options Scheme, the intrinsic value of the option is treated as discount and accounted as employee compensation cost over the vesting period.

(i) Foreign Currency Transactions:

i. Transactions in foreign currency are recorded at the exchange rate prevailing on the date of transaction. Current monetary assets and liabilities denominated in foreign currency are translated at the exchange rate prevailing at the balance sheet date and gains or losses on translation are recognized in Profit and Loss account. Non monetary foreign currency items are carried at cost.

Subsequent to adoption of revised accounting standard AS-11 as notified on 31.03.2009 long term foreign currency monetary items are translated at the exchange rate prevailing at the balance sheet date and gains or losses on translation, in so far as its relates to the acquisition of a depreciable capital asset is added to or deducted from the cost of the asset and in respect to others, the difference is taken to Foreign Currency Monetary Item Difference Account.

ii. In respect of forward exchange contracts assigned to the foreign currency assets/liabilities, the difference due to change in exchange rate between the inception of forward contract and date of the Balance Sheet and the proportionate premium/discount for the period upto the date of Balance Sheet is recognized in the Profit and Loss Account. Any profit or loss arising on settlement/cancellation of forward contract is recognized as income or expense for the year in which they arise.

(j) Borrowing Costs:

Borrowing costs attributable to the acquisition or construction of qualifying assets are capitalized as a part of such assets. All other borrowing costs are charged to revenue.

(k) Taxes on Income:

Tax expense comprise of current, deferred, wealth and fringe benefit tax. Current income tax, wealth tax and fringe benefit tax is measured as the amount expected to be paid to the tax authorities in accordance with Indian Income Tax Act for the period.

Notes to Financial Statements for the year ended March 31, 2009

(Currency: Indian Rupee)

Deferred Tax is recognized, subject to consideration of prudence, on timing difference, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods and measured using relevant enacted tax rates. At the balance sheet date the Company assesses unrealized deferred tax assets to the extent they become reasonably certain or virtually certain of realization, as the case may be.

(l) Rights Issue Expenses:

Rights Issue expenses are adjusted against Securities Premium in accordance with Section 78 of the Companies Act, 1956.

(m) Operating Lease:

Lease of the assets where all the risk and rewards of ownership are effectively retained by the lessor are classified as operating lease. Lease payments/revenue under operating lease are recognized as an expense/income on accrual basis in accordance with respective lease agreement.

(n) Earning Per Share:

Basic earnings per share is computed and disclosed using the weighted average number of common shares outstanding during the period. The weighted average numbers of shares are calculated after adjusting for bonus element in a right issue to the existing shareholders. Partly paid equity shares are treated as a fraction of an equity share to the extent that they were entitled to participate in dividends relative to a fully paid equity share during the year. Diluted earnings per share is computed and disclosed using the weighted average number of common and dilutive common equivalent share outstanding during the period except where the result would be anti dilutive.

(o) Impairment:

At each Balance Sheet date, the Company reviews the carrying amount of fixed assets to determine whether there is an indication that those assets have suffered impairment loss. If any such indication exists, the recoverable amount of assets is estimated in order to determine the extent of impairment loss. The recoverable amount is higher of the net selling price and value in use, determined by discounting the estimated future cash flows expected from the continuing use of the asset to their present value.

(p) Provisions, Contingent Liabilities and Contingent Assets:

Provisions involving substantial degree of estimation in measurement are recognized when there is present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognized but are disclosed in the notes to accounts. Contingent Assets are neither recognized nor disclosed in the financial statements.

Notes to Financial Statements for the year ended March 31,

(Currency: Indian Rupee)

22. BACKGROUND

Dish TV India Limited (formerly known as ASC Enterprises Limited) is registered in the state of Delhi and is mainly in the business of providing Direct to Home (DTH) Satellite Television Service and Teleport Service.

23. USE OF ESTIMATES

The preparation of financial statements requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities, as of the date of the financial statements and the reported amount of revenue and expenses of the year. Actual results could differ from those estimates. Any revision to estimates is recognized prospectively over current and future periods.

24. GOING CONCERN

The accompanying financial statements have been prepared assuming the Company will continue as a going concern. The management believes that it is appropriate to prepare these financial statements on a 'going concern' basis, for the following reasons:

- 24.1 The Company holds DTH license from Government of India for a considerable long time.
- 24.2 The Company is the first to launch DTH services in India. This type of business necessitates long gestation period. Being first mover, the Company has incurred huge expenses on awareness of the product, brand building on a pan India basis, the benefits of which will accrue in the future years.
- 24.3 The Promoters are fully seized of the matter and is of the view that going concern assumption holds true and that the Company will be able to discharge its liabilities in the normal course of business and the Company during the year, has raised finance through rights issue of equity shares, loans from banks and is also considering other financial options including debts to meet its future fund requirements. Hence, no adjustment is required in accounts relating to recoverability of the recorded assets amounts and in respect of liabilities as might be necessary for compilation as where the Company is no longer a going concern.

25. SECURED LOANS

- 25.1 Term Loan from banks Rs. 2,590,700,000 (Rs. Nil) is under syndicate debt facility and secured by all movable assets, uncalled capital, intellectual property, goodwill and all investments, all rights, title, interests of all insurance contracts (both present and future), all contracts, government approvals and licenses relating to project, all amounts in the accounts or other receivables liable to be credited to the accounts in the course of the business, all amounts and receivables from whomsoever person, both present and future in relation to project, floating charge on other assets. Further the Company is required to maintain minimum reserve amount with the banks which is guaranteed by a related party. The promoters of the Company have provided undertaking for project completion.
- 25.2 Bridge Loan of Rs. Nil (Rs. 604,780,715) is secured by hypothecation of all movable properties including movable plant and machinery, machinery spares, tools and accessories, book debts etc., present and future, and corporate guarantee of related party and pledge of certain shares held by the promoters in the Company.
- 25.3 Cash Credit of Rs. 74,604,622 (Rs. 75,872,009) is secured by first pari passu charge by way of hypothecation on moveable fixed assets of the Company and pledge of shares owned by related parties.
- 25.4 Vehicle loans are secured against hypothecation of vehicles, (ROC charge not registered) (Amount repayable within a year Rs. 1,218,870)

26. UNSECURED LOANS

- 26.1 Term Loan (Foreign currency arrangement of buyer credit) from bank Rs.1,475,853,910 (Rs. 351,714,000) is guaranteed by a related party.
- 26.2 Term Loan (Foreign currency arrangement by way of buyer credit) from bank of Rs. 687,170,250 (Rs. Nil) is on undertaking provided by related party and the Company has to maintain minimum reserve equivalent to three months payments of principal and interest on outstanding amount.
- 26.3 Short Term Loan from bank Rs. Nil (Rs. 800,000,000) is ranking pari passu in all respect with all other, present and future, senior, unsecured and unsubordinated obligation of the Company. A reserve account is maintained to provide cover for three

Notes to Financial Statements for the year ended March 31, 2009

(Currency: Indian Rupee)

months interest on outstanding loan. Related party of the Company is required to provide negative pledge of shares of the Company held by them.

- 26.4 Term Loan from bank Rs. 3,000,000,000 (Rs. Nil) is collaterally secured by immovable property and corporate guarantee provided by related parties. The Company to maintain debt service reserve equivalent to three months' installment and interest.
- 26.5 Short Term Loan from bank Rs. 1,000,000,000 (Rs. Nil) is guaranteed by a related party.

27. TAXES ON INCOME

- 27.1 In view of the book loss and loss computed as per Income Tax Act, provision for current tax is not required.
- 27.2 In accordance with the Accounting Standards-22 on "Accounting for Taxes on Income" deferred tax assets and liability should be recognized for all timing difference in accordance with the said standard. However, considering the present financial position and requirements of the accounting standard regarding certainty/virtual certainty, the same is not provided for. The same will be reassessed at a subsequent Balance Sheet date and will be accounted for in the year when certainty / virtual certainty in accordance with the aforesaid accounting standard is ascertained.

28. INVESTMENTS

Investments in subsidiaries are carried at cost as the projects undertaken by them are under implementation and also keeping in view the long-term involvement and interest in these companies.

29. FIXED ASSETS AND CAPITAL WORK IN PROGRESS

- 29.1 Capital Work in Progress comprises of equipments [including customer premises equipment (CPE)] Rs 1,801,948,889 (Rs. 931,879,748), capital goods in transit Rs. 468,421,511 (Rs. 447,758,162) and capital advances Rs. 110,539,713 (Rs. 128,206).
- 29.2 The Company during the year has set up a facility named "Headend In The Sky" (HITS) for providing television channels in digital form directly to MSO and Cable Operators. The expenses incurred on the project during the construction and trial run period (net of revenue) till March 31, 2009 as per detail given below, have been capitalized over the related assets.

| Particulars | Amount |
|--|--------------------|
| Transponder Charges | 464,799,425 |
| License fees | 106,68,542 |
| Programming and Other Costs | 5,303,516 |
| Salary, Bonus and Allowances | 1,665,414 |
| Contribution to Provident and Other Fund | 105,534 |
| Staff Welfare | 35,894 |
| Rent | 403,173 |
| Electricity Charges | 216,644 |
| Communication Expenses | 370,856 |
| | 483,568,998 |
| Less: Revenue received during trial run period | 1,249,315 |
| Total | 482,319,683 |
| Less: Capitalised to fixed assets | 482,319,683 |
| Balance | - |

30. OTHERS DISCLOSURES

- 30.1 Previous year figures have been regrouped, rearranged and recasted wherever considered necessary to confirm to current year presentation. Figures in brackets pertain to previous year.

Notes to Financial Statements for the year ended March 31,

- (Currency: Indian Rupee)
- 30.2 The assets, license and agreements etc. acquired by way of Merger and Slump Sale are in the process of registration/transfer in the name of the Company.
- 30.3 As per the information available with the Company none of the creditors have confirmed to be registered under the 'Micro, Small and Medium' Enterprises Development Act, 2006.
- 30.4 Prior period income and expenses included in the respective heads are as under:-

| Particulars | 2009 | 2008 |
|---|-------------------|-------------------|
| A. Income | | |
| Interest Income | 8,053,946 | 56,301 |
| Total Income | 8,053,946 | 56,301 |
| B. Expenses | | |
| Programming and Other Costs | - | 124,262 |
| Electricity Charges | - | 14,112 |
| Communication Expenses | 7,376 | 110,476 |
| Miscellaneous Expenses | 9,652,586 | 1,714,914 |
| Advertisement and Publicity Expenses | 2,902,237 | 4,481,148 |
| Commission | 89,247 | 8,695,650 |
| Traveling and Conveyance | 60,778 | 139,825 |
| Repairs and Maintenance-Plant and Machinery | 544 | 890,370 |
| Interest | 1,661,705 | - |
| Entertainment Tax | - | 346,629 |
| Freight, Cartage and Demurrage | 5,847 | - |
| Legal & Professional Fee | 3,637 | - |
| Rates and Taxes | 52,842 | - |
| Business Promotion Expenses | 52,459 | - |
| Total Expenses | 14,489,258 | 16,517,386 |
| Net Expenses (B-A) | 6,435,312 | 16,461,085 |

30.5 Loans and Advances

- 30.5.1 Advances against share application money includes Rs. 630,003,231 (Rs. 633,353,285) and Other Advances includes Rs. 1,940,904,642 (Rs. 395,511,900) receivables from subsidiary companies.
- 30.5.2 Other Advances includes Rs. 1,208,430,395 due from foreign companies acquired as part of multi mission satellite system project considered as doubtful in earlier years and provided for.
- 30.5.3 Loans (including interest thereon) and other advances includes to Rs. 957,267,575 and Rs. 216,317,469 respectively recoverable from two parties are overdue. The management is of the view that these amounts are recoverable.

30.6 Creditors for Expenses and Other Liabilities

- 30.6.1 Includes Rs. 926,694 (Rs. 926, 694) due to a Subsidiary Company.
- 30.6.2 Includes cheque overdrawn Rs. 128,441,287 (Rs. Nil)

30.7 Remuneration to the Directors

No commission is paid/payable to any director and hence the computation of profits under Section 198/349 of the Companies Act, 1956 is not required. Remuneration is paid/payable to the Managing Director as per the approval of the Central Government.

Notes to Financial Statements for the year ended March 31, 2009

(Currency: Indian Rupee)

| Particulars | 2009 | 2008 |
|--------------------------------|------------------|------------------|
| Salary and Allowances | 5,181,000 | 5,181,000 |
| Contribution to Provident Fund | 288,000 | 288,000 |
| Perquisites | 705,000 | 705,000 |
| Total | 6,174,000 | 6,174,000 |

Note: Salary and allowances includes basic salary, house rent allowance and leave travel allowance but exclude leave encashment and gratuity.

30.8 Auditors Remunerations (Included in Legal and Professional Fees)

| Particulars | 2009 | 2008 |
|---|-------------------|------------------|
| (excluding service tax) | | |
| Audit Fees | 1,200,000 | 1,200,000 |
| Tax Audit Fees | 300,000 | 300,000 |
| Certification, tax representation and other matters | 1,647,233 | 2,442,615 |
| Total | 3,147,233* | 3,942,615 |

*exclude Rs. 7,50,000 Certification for Rights Issue grouped in rights issue expenses.

30.9 Employee Stock Option Plan – ESOP-2007

The shareholders of the Company at the Annual General Meeting held on August 03, 2007 approved Employee Stock Option Plan i.e. ESOP 2007 ("The Scheme"). The Scheme provides for issue of 4,282,228 options (underlying equity share of Re.1 each) to the employees of the Company as well as that of its subsidiaries and also to non-executive directors including independent directors of the Company at the market price determined as per the SEBI (ESOS) Guidelines, 1999.

The options granted under the Scheme shall vest not less than one year and not more than five years from the date of grant of options. Under the terms of the Scheme, 20% of the options will vest in the employee every year equally. The Option Grantee must exercise all vested options within a period of four years from the date of vesting. Once the options vest as per the Scheme, they would be exercisable by the Option Grantee at any time and the shares arising on exercise of such options shall not be subject to any lock-in period.

The Shareholders in their meeting held on August 28, 2008 have approved the re-pricing of options already granted but not exercised. Consequently the Remuneration Committee in its meeting held on August 28, 2008 has re-priced the exercise price at Rs.37.55 per option, determined as per SEBI (ESOS) Guidelines, 1999.

The Board of Directors decided not to make any price adjustment on options already granted under the Scheme, consequent to the issuance and allotment of equity shares on right basis, as there was no material impact on options value granted to employees of the Company.

The details of the options granted and movement is set out below:

| Particulars | Lot 1 | | Lot 2 | Lot 3 |
|--|-----------------|-----------------|----------------|-----------------|
| | 2009 | 2008 | 2009 | 2009 |
| Date of grant | August 21, 2007 | August 21, 2007 | April 24, 2008 | August 28, 2008 |
| Number of options granted | 3,073,050 | 3,073,050 | 184,500 | 30,000 |
| Market value on the date of grant (Rs.) (per share) | 75.20 | 75.20 | 63.95 | 37.55 |
| Exercise price (Rs.) (per share) | 75.20 | 75.20 | 63.95 | 37.55 |
| Re-pricing (Rs.) (per share) | 37.55 | 37.55 | 37.55 | - |
| Options outstanding at the beginning of the year (Nos) | 2,926,150 | - | - | - |

Notes to Financial Statements for the year ended March 31,

(Currency: Indian Rupee)

| Particulars | Lot 1 | | Lot 2 | Lot 3 |
|---|-----------|-----------|---------|--------|
| | 2009 | 2008 | 2009 | 2009 |
| Add: Options granted (Nos) | - | 3,073,050 | 184,500 | 30,000 |
| Less: Options exercised (Nos) | - | - | - | - |
| Options cancelled (Nos) | - | - | - | - |
| Options lapsed (Nos) | 1,489,600 | 146,900 | 184,500 | - |
| Options forfeited (Nos) | - | - | - | - |
| Options expired (Nos) | - | - | - | - |
| Options outstanding at the year end (Nos) | 1,436,550 | 2,926,150 | - | 30,000 |

The options were granted to the employees at an exercise price, being the latest market price as per SEBI (ESOS) Guidelines, 1999. In view of this, there being no intrinsic value (being the excess of the market price of share under ESOS over the exercise price of the option), on the date of grant, hence the Company is not required to account the accounting value of option as per SEBI (ESOS) Guidelines, 1999.

30.10 Retirement Benefits

A) Defined Benefit Plans:

The present value of defined benefit obligation and the related current service cost are measured using the projected unit credit method with actuarial valuation being carried at each balance sheet date. The defined benefit obligations are not funded.

30.10.1 The reconciliation of opening and closing balances of the present value of the defined obligation as at

| Particulars | 2009 | | 2008 | |
|-----------------------------------|-------------------|-------------------|------------------|-------------------|
| | Gratuity | Leave Encashment | Gratuity | Leave Encashment |
| Obligation at the year beginning | 8,867,927 | 11,933,184 | 5,617,175 | 4,456,665 |
| Service Cost | 8,235,715 | 9,417,926 | 6,123,685 | 9,168,786 |
| Interest Cost | 709,434 | 954,655 | 449,374 | 356,533 |
| Actuarial (Gain)/Loss | 2,455,557 | 2,173,321 | (2,989,035) | 308,264 |
| Employers Contribution | (75,721) | (5,267,077) | (333,272) | (2,357,064) |
| Obligation at the year end | 20,192,912 | 19,212,009 | 8,867,927 | 11,933,184 |

30.10.2 Cost for the year:

| Particulars | 2009 | | 2008 | |
|---------------------------|-------------------|-------------------|------------------|------------------|
| | Gratuity | Leave Encashment | Gratuity | Leave Encashment |
| Service Cost | 8,235,715 | 9,417,926 | 6,123,685 | 9,168,786 |
| Interest Cost | 709,434 | 954,655 | 449,374 | 356,533 |
| Net actuarial (gain)/loss | 2,455,557 | 2,173,321 | (2,989,035) | 308,264 |
| Net cost | 11,400,706 | 12,545,902 | 3,584,024 | 9,833,583 |

30.10.3 Actuarial assumptions used:

| Particulars | 2009 | | 2008 | |
|---------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| | Gratuity | Leave Encashment | Gratuity | Leave Encashment |
| Discount Rate | 8% | 8% | 8% | 8% |
| Expected Salary Escalation Rate | 10% | 10% | 10% | 10% |
| Mortality Table | LIC(1994-96) duly Modified | LIC(1994-96) duly Modified | LIC(1994-96) duly Modified | LIC(1994-96) duly Modified |

Notes to Financial Statements for the year ended March 31, 2009

(Currency: Indian Rupee)

B) Defined Contribution Plan:

Contribution to provident and other funds is recognized as an expense in Note 18 of the Profit and Loss Account.

30.11 Foreign Currency Transaction:

- 30.11.1 The foreign exchange loss (net) of Rs. 244,361,235 [gain (net) Rs. 20,868,478] resulting from settlement and realignment of foreign exchange transaction has been adjusted to Profit and Loss Account. Foreign currency exchange difference of Rs. 146,851,075 is capitalized under fixed assets and Rs. 16,909,146 under capital work in progress as explained below in Note 30.11.2.
- 30.11.2 The Company has opted for accounting the exchange differences arising on reporting of long term foreign currency monetary items in line with Companies (Accounting Standards) Amendment Rules 2009 on Accounting Standard 11 (AS-11) notified by Government of India on March 31, 2009. Accordingly the company has capitalized exchange loss of Rs. 163,760,221 (including gain Rs. 2,556,020 pertaining to earlier periods adjusted through profit and loss account) with the cost of fixed assets/capital work in progress.
- 30.11.3 a) The Company has entered with currency and Interest swap transaction in respect of borrowing of US\$ 9,301,500 (US\$ Nil) at fixed amount of Rs. 455,633,978 which will be settled at future date.
- b) Foreign Currency transaction outstanding as on balance sheet date that are not hedged by derivative instrument or otherwise:

| Particulars | 2009 | | | | 2008 | | | |
|-------------|-----------------|---------------|--------------|----------------------|-----------------|---------------|--------------|-----------------------|
| | Value in USD \$ | Value in Euro | Value in GBP | Equivalent to INR Rs | Value in USD \$ | Value in Euro | Value in GBP | Equivalent to INR Rs. |
| Receivables | 964,126 | - | - | 48,566,439 | 402,476 | - | - | 15,917,942 |
| Payables | 48,868,092 | - | 19,324.85 | 2,521,564,713 | 15,417,410 | 4,500 | - | 619,291,678 |

30.12 Debit and Credit balances including of subscribers, distributors and dealers are subject to confirmation/reconciliation and few have been confirmed balances.

30.13 Financial Statements of Subsidiaries

The Ministry of Corporate Affairs, Government of India vide its order no.47/200/2009-CL-III dated 20th March, 2009 issued under section 212(8) of the Companies Act, 1956 ("The Act") has exempted the Company from attaching the Balance Sheets and Profit and Loss Accounts of its subsidiaries under Section 212(1) of the Act. As per the orders, key details of each subsidiary are attached along with statements under Section 212(1) of the Act.

31. CAPITAL COMMITMENT

Estimated amount of contract remaining to be executed on capital account and not provided for (Net of advance) is Rs. 1,381,819,989 (Rs. 333,592,048).

32. CONTINGENT LIABILITY NOT PROVIDED FOR

32.1

| Particulars | 2009 | 2008 |
|---|---------------|---------------|
| Guarantees given by Banks [includes Rs. 488,860,000 (Rs. 490,860,000) guaranteed by a related party] | 5,02,615,000 | 504,615,000 |
| Claim against the Company not acknowledged as debt | 43,999,609 | 44,840,319 |
| Sales tax and VAT demands | 33,734,094 | - |
| Entertainment Tax demand | 91,995,090 | 91,995,090 |
| Legal cases against the Company including common cases | Unascertained | Unascertained |

32.2 Subsequent to Balance Sheet date the Service Tax Department has raised a demand of Rs. 669,438,287 for the period from June, 2005 to September, 2007 based on audit by the department. The Company is in the process of taking appropriate remedial action to reply the demand letter.

Notes to Financial Statements for the year ended March 31,

- 32.3 The Company has given a guarantee for the performance of the term and conditions of satellite capacity agreement between a wholly owned subsidiary of the Company viz Agrani Satellite Services Limited and the vendor which is strategically important for the business of the Company. (Currency: Indian Rupee)

33. OPERATING LEASE

- 33.1 In respect of assets taken on operating lease:

The Company's significant leasing arrangements are in respect of operating leases taken for offices, residential premises, transponder etc. These leases are cancelable operating lease agreements that are renewable on a periodic basis at the option of both the lessee and the lessor. The initial tenure of the lease generally is for 11 months to 120 months. The details of assets taken on operating lease during the year are as under:

| Particulars | 2009 | 2008 |
|--|-------------|-------------|
| Lease rental charges for the year (net of shared cost) | 606,944,447 | 436,437,126 |
| Lease rental charges capitalized for the year (net of shared cost) | 464,799,425 | - |
| Sub-lease payment received | 85,899,947 | 69,272,219 |
| Future Lease Rental obligation payable (under non-cancelable lease) | | |
| Not later than one year | 374,684,107 | 39,242,093 |
| Later than one year but not later than five years | 334,848,848 | 116,119,823 |
| More than five years | - | - |

- 33.2 In respect of assets given under operating lease:

The Company has leased out assets by way of operating lease and as on March 31, 2009, the gross book value of such assets, its accumulated depreciation and depreciation for the year is as given below. The total lease income for the year is Rs. 1,007,177,287 (Rs. 603,614,861).

| Particulars | 2009 | 2008 |
|--|----------------|---------------|
| Gross Value of the Assets | 11,398,398,934 | 6,911,747,418 |
| Accumulated Depreciation | 3,621,525,649 | 1,715,683,261 |
| Depreciation for the year | 1,905,842,388 | 1,255,681,321 |
| Future Lease Rental Receivable (under non-cancelable lease) | | |
| Not later than one year | 1,273,653,699 | 737,178,825 |
| Later than one year but not later than five years | 2,146,323,077 | 1,963,927,205 |
| More than five years | - | - |

34. Borrowing Cost amounting to Rs. 8,651,696 (Nil) has been capitalized to the cost of fixed assets/capital work in progress during the year.

35. RIGHTS ISSUE:

- 35.1 The Company has issued 518,149,592 partly paid up equity shares of Re.1 each at a premium of Rs. 21 per share for cash to the existing equity shareholders on the record date. The terms of payment are as under:

| Particulars | Total amount due (per share) | Towards Share Capital (per share) | Towards Securities Premium (per share) | Total Amount | Due on (after the date of allotment, at the option of the Company) |
|----------------|------------------------------|-----------------------------------|--|-----------------------|--|
| On Application | 6.00 | 0.50 | 5.50 | 3,108,897,552 | Along with application |
| On First Call | 8.00 | 0.25 | 7.75 | 4,145,196,736 | After 3 months but within 9 months |
| On Second Call | 8.00 | 0.25 | 7.75 | 4,145,196,736 | After 9 months but within 18 months |
| Total | 22.00 | 1.00 | 21.00 | 11,399,291,024 | |

Notes to Financial Statements for the year ended March 31, 2009

- 35.2 The utilization of the rights issue proceeds aggregating to Rs. 3,108,897,552 received along with application is as under: (Currency: Indian Rupee)

| Particulars | Amount |
|---|----------------------|
| Repayment of Loans | 2,842,144,315 |
| Rights Issue expenses | 31,951,867 |
| Acquisition of consumer premises equipments | 129,740,858 |
| General corporate purpose | 105,060,512 |
| Total | 3,108,897,552 |

- 35.3 The Rights Issue expenses Rs. 57,501,428 incurred during the year are adjusted against Securities Premium in accordance with section 78 of the Companies Act, 1956.

36. RELATED PARTY DISCLOSURES

- 36.1 List of parties where control exists:

- Agrani Satellite Services Limited. (Wholly Owned Subsidiary)
- Integrated Subscribers Management Services Limited (Wholly Owned Subsidiary)
- Agrani Convergence Limited. (Extent of holding 51%)

- 36.2 Other Related Parties with whom transactions have taken place during the year and balances outstanding as on last date of the year:

Afro-Asian Satellite Communication (Gibraltar) Limited, Afro-Asian Satellite Communication (U.K.) Limited, Agrani Satellite Communication (Gib.) Limited, Agrani Telecom Limited, ASC Telecommunication Limited, Asia Today Limited, Ayepee Lamitubes Limited, Brio Academic infrastructure and Resources Management Private Limited, Churu Trading Company Private Limited, Essel Sports Private Limited, Dakshin Media Gaming Solutions Private Limited, Diligent Media Corporation Limited, E City Entertainment (I) Private Limited, E-city Property Management and Services Private Limited., Essel Agro Private Limited, Essel Corporate Services Private Limited, Essel Infraprojects Limited, Essel Shyam Communication Limited, Essel Shyam Technology Limited, ETC Networks Limited, Indian Cable Net Company Limited, Intrex Tradex Private Limited, ITZ Cash Card Limited, Pan India Network Infravest Private Limited, Pan India Network Investment Private Limited, Pan India Paryatan Limited, Prajatra Trading Company Private Limited, Procall Private Limited, Rama Associates Limited, Rupee Finance and Management Private Limited, Suncity Projects Private Limited, Wire and Wireless India Limited, Zee Akash News Private Limited, Zee Entertainment Enterprises Limited, Zee News Limited, Zee Sports Limited, Zee Turner Limited.

Directors/Key Management Personnel:

Mr. Subhash Chandra, Mr. Jawahar Lal Goel and Mr. Ashok Kurien.

- 36.3 **Transaction with Related Parties:**

| Particulars | 2009 | | 2008 | |
|--|--------------------|--------------------------|--------------------|--------------------------|
| | Total Amount | Amount for Major Parties | Total Amount | Amount for Major Parties |
| (i) With Subsidiary Companies: | | | | |
| Purchase of Goods & Services: | 970,806,636 | | 569,802,513 | |
| Integrated Subscribers Management Services Limited | | 970,806,636 | | 569,802,513 |
| Sales, Services & Recoveries (Net of Taxes) | 92,000 | | 23,309,896 | |
| Integrated Subscribers Management Services Limited | | 92,000 | | 23,309,896 |
| Interest Received | 10,636,172 | | - | |
| Agrani Satellite Services Limited | | 10,636,172 | | - |

Notes to Financial Statements for the year ended March 31,

(Currency: Indian Rupee)

| Particulars | 2009 | | 2008 | |
|--|----------------------|--------------------------|----------------------|--------------------------|
| | Total Amount | Amount for Major Parties | Total Amount | Amount for Major Parties |
| Loan, Advance and Deposit Given (including Share Application Money) | 1,658,435,722 | | 302,183,000 | |
| Agrani Satellite Services Limited | | 1,482,196,000 | | 302,183,000 |
| Integrated Subscribers Management Services Limited | | 176,239,722 | | - |
| Refund Received against Loan, Advance and Deposit Given | 123,500,000 | | 3,000,000 | |
| Agrani Satellite Services Limited | | 123,500,000 | | 3,000,000 |
| Customer Security transferred by | - | | 880,677,618 | |
| Integrated Subscribers Management Services Limited | | - | | 880,677,618 |
| Repayment of Loan, Advance and Deposit Taken | - | | 325,000 | |
| Agrani Convergence Limited | | - | | 325,000 |
| (ii) With Other Related Parties: | | | | |
| Sales, Services & Recoveries (Net of Taxes) | 138,149,811 | | 122,852,011 | |
| Zee Entertainment Enterprises Limited | | 33,647,122 | | 21,354,832 |
| Zee News Limited | | 34,113,426 | | 30,084,754 |
| Asia Today Limited | | 52,080,294 | | 41,957,245 |
| Other Related Parties | | 18,308,969 | | 29,455,180 |
| Purchase of Goods & Services | 1,370,461,993 | | 1,000,367,242 | |
| Zee Turner Limited | | 960,000,062 | | 554,986,614 |
| Zee Entertainment Enterprises Limited | | 208,461,371 | | 127,367,463 |
| ITZ Cash Card Limited | | 131,194,029 | | 104,169,574 |
| Essel Agro Private Limited | | - | | 142,662,558 |
| Other Related Parties | | 70,806,531 | | 71,181,033 |
| Rent Paid | 27,683,088 | | 13,427,123 | |
| Zee Entertainment Enterprises Limited | | 25,132,320 | | 9,957,057 |
| Rama Associates Limited | | 2,550,768 | | 2,318,880 |
| E-City Entertainment (I) Private Limited | | - | | 1,151,186 |
| Interest Paid | 327,022,831 | | 242,554,574 | |
| Zee Entertainment Enterprises Limited | | 68,917,282 | | 197,480,875 |
| Rupee Finance & Management Private Limited | | 4,231,238 | | 40,143,443 |
| Churu Trading Company Private Limited | | 238,734,832 | | 4,065,574 |
| Other Related Parties | | 15,139,479 | | 864,682 |
| Interest Received | 62,715,906 | | 59,289,178 | |
| Essel Agro Private Limited | | 53,537,828 | | 50,217,631 |
| ASC Telecommunication Limited | | 9,178,078 | | 8,644,633 |
| Other Related Parties | | - | | 426,914 |

Notes to Financial Statements for the year ended March 31, 2009

(Currency: Indian Rupee)

| Particulars | 2009 | | 2008 | |
|--|----------------------|--------------------------|----------------------|--------------------------|
| | Total Amount | Amount for Major Parties | Total Amount | Amount for Major Parties |
| Purchase of Fixed Assets | 72,073 | | 38,872,627 | |
| Wire & Wireless India Limited | | 72,073 | | 38,872,627 |
| Sharing of Expenses Payable | 22,253,268 | | 11,221,244 | |
| Zee Entertainment Enterprises Limited | | 18,829,165 | | 9,320,171 |
| Other Related Parties | | 3,424,103 | | 1,901,073 |
| Sharing of Expenses Receivable | 813,217 | | 3,154,257 | |
| Zee Entertainment Enterprises Limited | | 631,000 | | - |
| Zee Turner Limited | | 178,578 | | 299,880 |
| ITZ Cash Card Limited | | - | | 2,854,377 |
| Other Related Parties | | 3,639 | | - |
| Loan, Advance and Deposit Taken | 4,215,105,685 | | 7,878,750,000 | |
| Zee Entertainment Enterprises Limited | | 2,430,000,000 | | 3,177,000,000 |
| Churu Trading Company Private Limited | | 617,855,685 | | 3,000,000,000 |
| Rupee Finance & Management Private Limited | | 250,000,000 | | 1,680,000,000 |
| Zee News Limited | | 692,500,000 | | - |
| Other Related Parties | | 224,750,000 | | 21,750,000 |
| Repayment of Loan, Advance and Deposit Taken | 5,038,931,464 | | 4,631,900,000 | |
| Zee Entertainment Enterprises Limited | | 432,360,984 | | 2,900,000,000 |
| Churu Trading Company Private Limited | | 3,617,855,685 | | - |
| Rupee Finance & Management Private Limited | | 290,366,648 | | 1,730,000,000 |
| Zee News Limited | | 692,500,000 | | - |
| Other Related Parties | | 5,848,147 | | 1,900,000 |
| Loan, Advance and Deposit Given | 2,585,450,997 | | 26,706,726 | |
| ITZ Cash Card Limited | | 50,446,825 | | 26,706,726 |
| Churu Trading Company Private Limited | | 1,217,855,685 | | - |
| Essel Agro Private Limited | | 1,253,200,000 | | - |
| Other Related Parties | | 63,948,487 | | - |
| Refund Received against Loan, Advance and Deposit Given | 1,277,405,685 | | 3,300,000 | |
| ASC Telecommunication Limited | | - | | 1,500,000 |
| Churu Trading Company Private Limited | | 1,217,855,685 | | - |
| Essel Agro Private Limited | | 14,550,000 | | 1,800,000 |
| Other Related Parties | | 45,000,000 | | - |
| Corporate Guarantee Received | 2,852,950,000 | | 622,700,000 | |
| Zee Entertainment Enterprises Limited | | 2,852,950,000 | | 622,700,000 |
| Collateral Security and Corporate Guarantee for Loan Taken from Bank provided by: | 3,000,000,000 | | - | |

Notes to Financial Statements for the year ended March 31,

(Currency: Indian Rupee)

| Particulars | 2009 | | 2008 | |
|---|----------------------|--------------------------|----------------------|--------------------------|
| | Total Amount | Amount for Major Parties | Total Amount | Amount for Major Parties |
| Essel Infraprojects Limited | | | | |
| Rama Associates Limited | | | | |
| Release of Corporate Guarantee Received | 627,480,715 | | 1,000,000,000 | |
| Zee Entertainment Enterprises Limited | | 627,480,715 | | 1,000,000,000 |
| Balance Written Back | 8,593,891 | | - | |
| Zee Turner Limited | | 8,205,850 | | - |
| Other Related Parties | | 388,041 | | - |
| Balance Written Off | 352,907 | | - | |
| ITZ Cash Card Limited | | 352,907 | | - |
| | | | | |
| Balance at the end of year: | | | | |
| With Subsidiary Companies: | | | | |
| Invesment | 1,069,215,480 | | 1,069,215,480 | |
| Agrani Satellite Services Limited | | 944,010,040 | | 944,010,040 |
| Agrani Convergence Limited | | 124,705,440 | | 124,705,440 |
| Integrated Subscribers Management Services Limited | | 500,000 | | 500,000 |
| Loan, Deposit and Advances Given (including Share Application Money) | 2,570,907,874 | | 1,028,865,185 | |
| Agrani Satellite Services Limited | | 2,002,100,325 | | 633,353,285 |
| Integrated Subscribers Management Services Limited | | 568,807,549 | | 395,511,900 |
| Creditors for Expenses and Other Liabilities | 926,694 | | 926,694 | |
| Agrani Convergence Limited | | 926,694 | | 926,694 |
| With Other Related Parties: | | | | |
| Loan, Deposit and Advances Given | 3,792,929,347 | | 2,536,088,773 | |
| Afro-Asian Satellite Communication (UK) Limited | | 376,881,821 | | 376,881,821 |
| Afro-Asian Satellite Communication (Gib.) Limited | | 827,708,050 | | 827,708,050 |
| Essel Agro Private Limited | | 2,263,395,148 | | 1,109,160,091 |
| Other Related Parties | | 324,944,328 | | 222,338,811 |
| Provision Outstanding Against Advances Given | 1,216,461,163 | | 1,216,461,163 | |
| Afro-Asian Satellite Communication (UK) Limited | | 376,881,821 | | 376,881,821 |
| Afro-Asian Satellite Communication (Gib.) Limited | | 827,708,050 | | 827,708,050 |
| Other Related Parties | | 11,871,292 | | 11,871,292 |
| Loan, Deposit and Advances Taken | 2,684,718,875 | | 3,512,610,228 | |
| Churu Trading Company Private Limited | | - | | 3,004,065,574 |
| Zee Entertainment Enterprises Limited | | 2,430,000,000 | | 432,360,984 |

Notes to Financial Statements for the year ended March 31, 2009

(Currency: Indian Rupee)

| Particulars | 2009 | | 2008 | |
|--|----------------------|--------------------------|----------------------|--------------------------|
| | Total Amount | Amount for Major Parties | Total Amount | Amount for Major Parties |
| Other Related Parties | | 254,718,875 | | 76,183,670 |
| Creditors for expenses and other liabilities | 2,173,691,770 | | 2,108,367,548 | |
| Zee Entertainment Enterprises Limited | | 53,025,251 | | 850,858,681 |
| Zee Turner Limited | | 2,107,062,984 | | 1,182,619,515 |
| Other Related Parties | | 13,603,535 | | 74,889,352 |
| Debtors | 435,988,379 | | 366,600,141 | |
| Asia Today Limited | | 74,888,174 | | 41,943,373 |
| Zee News Limited | | 76,174,061 | | 34,345,809 |
| Zee Entertainment Enterprises Limited | | 236,530,896 | | 193,104,959 |
| Other Related Parties | | 48,395,248 | | 97,206,000 |
| Corporate Guarantee Received | 4,072,200,000 | | 1,846,730,715 | |
| Zee Entertainment Enterprises Limited | | 4,072,200,000 | | 1,846,730,715 |
| Collateral Security and Corporate Guarantee for Loan Taken from Bank provided by: | 3,000,000,000 | | - | |
| Essel Infraprojects Limited | | | | |
| Rama Associates Limited | | | | |

Notes:-

- 1) Major parties denotes who account for 10% or more of the aggregate for that category of transaction.
- 2) Details of managerial remuneration is disclosed in Note 30.7
- 3) Also Refer Note 32.3

37 ADDITIONAL INFORMATION PURSUANT TO PART II OF SCHEDULE VI OF THE COMPANIES ACT, 1956:

37.1 The Company is in the business of providing DTH services through satellite, however, there is no licensed capacity. Further, the nature of business is such that the installed capacity is not quantifiable.

37.2 The details of Opening Stock, Purchases, Sales and Closing Stock of CPE goods and accessories are as under:

| Particulars | 2009 | | 2008 | |
|--------------------------------|----------------|-------------------|----------------|-------------------|
| | Quantity (No.) | Amount | Quantity (No.) | Amount |
| Opening Stock | | | | |
| Set Top Boxes, VGA Box and DVR | 21,465 | 39,517,525 | 488 | 3,905,586 |
| Cable, Dish and LNB | | 100,679 | | 148,889 |
| Spare Parts and Other Items | | 7,503,557 | | 7,316,214 |
| Total | | 47,121,761 | | 11,370,689 |
| Purchases # | | | | |
| Set Top Boxes, VGA Box and DVR | 30,018 | 50,748,055 | 95,921 | 186,570,969 |
| Cable, Dish and LNB | | 40,292,497 | | 41,869,414 |
| Spare Parts and Other Items | | 32,180,526 | | 4,763,471 |

Notes to Financial Statements for the year ended March 31,

(Currency: Indian Rupee)

| Particulars | 2009 | | 2008 | |
|---|----------------|--------------------|----------------|--------------------|
| | Quantity (No.) | Amount | Quantity (No.) | Amount |
| Electronic Equipments # Including transfer from capital work in progress | 54 | 3,611,044 | 186 | 7,073,093 |
| Total | | 126,832,122 | | 240,276,947 |
| Sales | | | | |
| Set Top Boxes, VGA Box and DVR | 49,779 | 46,826,471 | 74,944 | 79,394,733 |
| Cable, Dish and LNB | | 26,158,420 | | 28,623,558 |
| Spare Parts and Other Items | | 18,677,584 | | 7,813,757 |
| Electronic Equipment | 54 | 3,668,000 | 186 | 7,396,408 |
| Total | | 95,330,475 | | 123,228,456 |
| Closing Stock | | | | |
| Set Top Boxes, VGA Box and DVR | 1,704 | 6,063,712 | 21,465 | 39,517,525 |
| Cable, Dish and LNB | | - | | 100,679 |
| Spare Parts and Other Items | | 24,869,437 | | 7,503,557 |
| Total | | 30,933,149 | | 47,121,761 |

37.3 Other Information:

| Particulars | 2009 | 2008 |
|--|---------------|---------------|
| A. CIF Value of Imports | | |
| Capital Equipments | 3,830,662,427 | 1,954,633,622 |
| Trading Goods | 7,694,480 | 107,387,255 |
| B. Expenses in Foreign Currency | | |
| Content Fees | 6,056,819 | 32,337,364 |
| Transponder Teleport Charges (including Security Rs. 22,431,299) | 527,629,064 | 28,344,376 |
| Traveling Expenses | 3,945,495 | 576,891 |
| Interest Expenses | 68,267,843 | - |
| Other Expenses | - | 161,489 |
| C. Income in Foreign Exchange | | |
| Teleport Services | 52,080,293 | 41,304,310 |

38. EARNING PER SHARE (EPS)

| Particulars | 2009 | 2008 |
|--|-----------------|-----------------|
| Profit/(Loss) After Tax | (4,762,773,585) | (4,132,045,899) |
| Weighted Average number of Equity Shares of Re. 1 each (Nos) | 475,362,442 | 414,916,148 |
| Basic and diluted earning per share- not annualized | (10.02) | (9.96) |

Note:

- Potential conversion of the stock option granted is anti-dilutive and accordingly has not been considered in the calculation of diluted earning per share.
- Basic and diluted earning per share for the previous year has been recomputed taking into account the effect of the right issue of equity share.

Notes to Financial Statements for the year ended March 31, 2009

39. SEGMENT INFORMATION AS PER AS-17

(Currency: Indian Rupee)

The Company follows AS-17 "Segment Reporting" relating to the reporting of financial and descriptive information about their operating segments in financial statements.

The Company's reportable operating segments have been determined in accordance with the internal management structure, which is organized based on the operating business segments as described below. The geographical segment is not relevant as exports are insignificant.

Direct to Home Services (DTH) – Uplink of satellite television signals to be received by the customer including MSO and Cable Operators. This segment derives revenue by way of Subscription, Lease Rentals, Bandwidth charges and Other Incomes.

Trading – Trading in electronics and other equipments.

Teleport Services – Facility for uplink signals.

| (a) Business Segment (Year Ended March 31, 2009) | | | | | |
|---|------------------------|---------------------|---------------------|----------------|------------------------|
| Description | DTH | Trading | Teleport Services | Unallocated | Total |
| Segment Revenue | | | | | |
| External Sales | 7,148,551,041 | 95,330,475 | 133,063,394 | - | 7,376,944,910 |
| Inter-Segment Sales | - | - | - | - | - |
| Total Revenue | 7,148,551,041 | 95,330,475 | 133,063,394 | - | 7,376,944,910 |
| Segment Results | (3,938,113,772) | (47,690,258) | (42,688,109) | - | (4,028,492,139) |
| Operating Profit / (Loss) before interest & Tax | (3,938,113,772) | (47,690,258) | (42,688,109) | - | (4,028,492,139) |
| Interest Expenses | - | - | - | - | 810,420,354 |
| Interest Income | - | - | - | - | 83,410,511 |
| Profit / (Loss) Before Tax | - | - | - | - | (4,755,501,982) |
| Current Taxes-FBT/Wealth Tax | - | - | - | - | 7,271,603 |
| Provision for earlier years | - | - | - | - | - |
| Profit / (Loss) After Tax | - | - | - | - | (4,762,773,585) |
| (b) Other segment Information | | | | | |
| Segment Assets | 17,219,808,954 | 40,011,413 | 329,479,035 | 3,380,065,685 | 20,969,365,087 |
| Segment Liabilities | 15,813,312,266 | - | 55,069,648 | 11,341,698,352 | 27,210,080,266 |
| Capital Expenditure | 5,651,239,592 | - | - | - | 5,651,239,592 |
| Depreciation / Amortisation | 2,119,868,049 | - | 34,206,789 | - | 2,154,074,838 |
| Non cash expenditure other than Depreciation / Amortisation | 9,197,276 | - | - | - | 9,197,276 |
| (a) Business Segment (Year ended March 31, 2008) | | | | | |
| Segment Revenue | | | | | |
| External Sales | 3,897,779,349 | 123,228,456 | 112,174,801 | - | 4,133,182,606 |
| Inter-Segment Sales | - | - | - | - | - |
| Total Revenue | 3,897,779,349 | 123,228,456 | 112,174,801 | - | 4,133,182,606 |
| Segment Results | (3,541,979,371) | (81,297,419) | (33,412,164) | - | (3,656,688,954) |

| Description | DTH | Trading | Teleport Services | Unallocated | Total |
|---|-----------------|--------------|-------------------|---------------|------------------------|
| Operating Profit / (Loss) before interest & Tax | (3,541,979,371) | (81,297,419) | (33,412,164) | - | (3,656,688,954) |
| Interest Expenses | - | - | - | - | 534,132,012 |
| Interest Income | - | - | - | - | 64,667,622 |
| Profit / (Loss) Before Tax | - | - | - | - | (4,126,153,344) |
| Current Taxes-FBT / Wealth Tax | - | - | - | - | 5,794,413 |
| Provision for earlier years | | | | | 98,142 |
| Profit / (Loss) After Tax | - | - | - | - | (4,132,045,899) |
| (b) Other segment information | | | | | |
| Segment Assets | 8,669,836,536 | 58,830,647 | 256,731,827 | 3,130,197,173 | 12,115,596,183 |
| Segment Liabilities | 11,341,742,311 | - | 7,528,124 | 5,293,107,445 | 16,642,377,880 |
| Capital Expenditure | 2,578,978,750 | - | - | - | 2,578,978,750 |
| Depreciation / Amortisation | 1,454,953,600 | - | 35,519,088 | - | 1,490,472,688 |
| Non cash expenditure other than Depreciation / Amortisation | 15,099,193 | - | - | - | 15,099,193 |

As per our attached report of even date

L.K. Shrishrimal
Partner

For and on behalf of
MGB & Co.
Chartered Accountants

Place : Noida
Date : June 18, 2009

For and on behalf of Board

Jawahar Lal Goel
Managing Director

Rajeev K Dalmia
Chief Financial Officer

B D Narang
Director

Jagdish Patra
Company Secretary

Cash Flow Statement for the year ended March 31,

| | 2009 | 2008 |
|---|------------------------|------------------------|
| A. CASH FLOW FROM OPERATING ACTIVITIES | | |
| Net Profit/(Loss) before taxation | (4,755,501,982) | (4,126,153,344) |
| Adjustments for : | | |
| Depreciation / Amortization | 2,154,074,838 | 1,490,472,689 |
| Loss on sale / discard of Fixed Assets | 9,197,276 | 15,099,193 |
| Profit on redumption of units of Mutual Funds | - | (2,486,905) |
| Exchange Adjustments (Net) | 101,441,388 | (3,454,760) |
| Interest Expenses | 810,420,354 | 534,132,012 |
| Interest Income | (83,410,511) | (64,667,622) |
| Operating Profit/(Loss) before working capital changes | (1,763,778,637) | (2,157,058,737) |
| Adjustments for : | | |
| (Increase)/Decrease in Inventories | 16,188,612 | (35,751,072) |
| (Increase)/Decrease in Trade and Other Receivables | (4,953,606,839) | (605,421,469) |
| Increase/(Decrease) in Trade and Other Payables | 4,054,292,517 | 3,161,566,986 |
| Cash Generated from Operations | (2,646,904,347) | 363,335,708 |
| Direct Taxes Paid (Net) | 23,992,756 | 11,632,714 |
| Net Cash flow from Operating Activities | (2,670,897,103) | 351,702,994 |
| B. CASH FLOW FROM INVESTING ACTIVITIES | | |
| Purchases of Fixed Assets/ CWIP | (5,101,662,183) | (2,970,843,061) |
| Proceeds from Sale of Fixed Assets | 2,860,148 | 322,865 |
| Purchases of Investments | - | (650,000,000) |
| Proceeds from Sale of Investments | - | 652,486,904 |
| Loan given to Others | (520,000) | - |
| Loan Repaid by Others | - | 3,300,000 |
| Advance Against Share Application Money given to Subsidiaries | (112,096,000) | (302,183,000) |
| Refund of Advance against Share Application Money given to Subsidiaries | 123,500,000 | 3,000,000 |
| Interest received | 11,169,599 | 8,914,848 |
| Net Cash Flow from Investing Activities | (5,076,748,436) | (3,255,001,444) |
| C. CASH FLOW FROM FINANCING ACTIVITIES | | |
| Interest Paid | (887,037,354) | (383,587,693) |
| Proceeds from issue of Share Capital including Securities Premium | 3,108,897,552 | - |
| Share Issue Expenses | (31,951,867) | - |
| Proceeds from Long Term Borrowing | 7,154,420,642 | 351,714,000 |
| Proceeds/(Repayment) of Vehicle Loan (Net) | 12,001 | (3,967,872) |
| Proceeds from Short Term Borrowing | 5,131,267,612 | 9,676,546,400 |
| Repayment of Short Term Borrowing | (6,387,015,714) | (6,651,300,000) |
| Net Cash Flow from Financing Activities | 8,088,592,872 | 2,989,404,835 |
| Net Cash Flow during the year (A+B+C) | 340,947,333 | 86,106,385 |
| Cash and Cash Equivalents at the beginning of the Year | 199,423,105 | 113,316,720 |
| Cash and Cash Equivalents at the end of the Year | 540,370,438 | 199,423,105 |
| Cash and Cash Equivalents at the end of the year comprises of : | | |
| Cash in Hand | 4,469,835 | 1,564,922 |
| Balances with Scheduled Banks in Current Accounts | 243,412,046 | 113,695,520 |
| Balances with Scheduled Banks in Fixed Deposit/Margin Accounts (Pledge/under lien with Banks and others) | 292,389,981 | 84,162,663 |
| Cheques in hand | 98,576 | - |
| Total Cash and Cash Equivalents | 540,370,438 | 199,423,105 |

Notes :

Previous year's figures have been regrouped, rearranged and recasted wherever considered necessary.

As per our attached report of even date

L.K. Shrishrimal
Partner

For and on behalf of

MGB & Co.
Chartered Accountants

Place : Noida

Date : June 18, 2009

For and on behalf of Board

Jawahar Lal Goel
Managing Director

Rajeev K Dalmia
Chief Financial Officer

B D Narang
Director

Jagdish Patra
Company Secretary

Auditors' Report

To
The Board of Directors
Dish TV India Limited

1. We have audited the attached Consolidated Balance Sheet of **Dish TV India Limited** ("the Company") and **its subsidiaries ("the Group")** as at March 31, 2009, the Consolidated Profit and Loss Account and Consolidated Cash Flow Statement for the year ended that date. 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 the 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 misstatements. 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 the management, as well as evaluating the overall financial statement presentation. We believe that our audit provide a reasonable basis for our opinion.
3. The financial statements of a subsidiary with total assets (net) of Rs. 1,009,012,542 (Rs. 717,270,329) as at March 31, 2009 and total revenues (net) of Rs. 4,285,096 (Rs. 25,004,916) for the year ended on that date have not been audited by us. The financial statements of the subsidiary has been audited by other auditor whose report has been furnished to us and our opinion in so far as it relates to the amounts included in respect of the subsidiary, is based solely on the report of the other auditor.
4. Without qualifying our report, we draw reference to Note 24 regarding preparation of these financial statements on going concern basis.
5. Based on our audit and on consideration of the reports of other auditor on separate financial statements of the subsidiary, and on the basis of information and explanations given to us, we are of the opinion that the attached Consolidated Financial Statements, give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) In the case of the Consolidated Balance Sheet, of the consolidated state of affairs of the Group as at March 31, 2009;
 - (b) In the case of the Consolidated Profit and Loss Account, of the consolidated results of operations of the Group for the year ended on that date;
 - (c) In the case of Consolidated Cash Flow Statement, of the consolidated cash flows of the Group for the year ended on that date.

L.K. Shrishrimal
Membership No. 72664
Partner

For and behalf of
MGB & Co.
Chartered Accountants

Place : Noida
Dated : June 18, 2009

Consolidated Balance Sheet as at March 31,

| | Notes | 2009 | (Currency: Indian Rupee) 2008 |
|---|-------|------------------------------|----------------------------------|
| SOURCES OF FUNDS | | | |
| Shareholders' Funds | | | |
| Share Capital | 2 | 687,297,599 | 428,222,803 |
| Reserves and Surplus | 3 | 2,792,321,328 | - |
| | | <u>3,479,618,927</u> | <u>428,222,803</u> |
| Loan Funds | | | |
| Secured Loans | 4 | 2,697,237,865 | 684,003,261 |
| Unsecured Loans | 5 | 8,794,619,452 | 4,761,165,574 |
| | | <u>11,491,857,317</u> | <u>5,445,168,835</u> |
| Deferred Tax Liability (Net) (Refer Note 27.3) | | 5,817,386 | 7,885,920 |
| TOTAL | | <u>14,977,293,630</u> | <u>5,881,277,558</u> |
| APPLICATION OF FUNDS | | | |
| Fixed Assets | | | |
| Gross Block | 6 | 14,211,049,705 | 9,119,469,678 |
| Less : Depreciation/Amortization | | <u>4,600,210,007</u> | <u>2,313,562,186</u> |
| Net Block | | 9,610,839,698 | 6,805,907,492 |
| Capital Work in Progress | | <u>3,734,025,540</u> | <u>2,793,245,265</u> |
| | | <u>13,344,865,238</u> | <u>9,599,152,757</u> |
| Investments | 7 | 25,500 | 25,500 |
| Current Assets, Loans and Advances | | | |
| Inventories | 8 | 32,154,439 | 58,316,913 |
| Sundry Debtors | 9 | 526,098,898 | 403,181,196 |
| Cash and Bank Balances | 10 | 805,302,304 | 511,450,026 |
| Loans and Advances | 11 | 6,705,851,665 | 1,876,085,181 |
| | | <u>8,069,407,306</u> | <u>2,849,033,316</u> |
| Less: Current Liabilities and Provisions | 12 | 16,310,854,383 | 11,657,330,211 |
| Current Liabilities | | 16,310,854,383 | 11,657,330,211 |
| Provisions | | <u>80,293,065</u> | <u>48,324,959</u> |
| | | <u>16,391,147,448</u> | <u>11,705,655,170</u> |
| Net Current Assets | | (8,321,740,142) | (8,856,621,854) |
| Profit and Loss Account | 13 | 9,954,143,034 | 5,138,721,155 |
| TOTAL | | <u>14,977,293,630</u> | <u>5,881,277,558</u> |

The accompanying notes form an integral part of these financial statements

As per our attached report of even date

L.K. Shrishrimal
Partner

For and on behalf of
MGB & Co.
Chartered Accountants

Place : Noida
Date : June 18, 2009

For and on behalf of Board

Jawahar Lal Goel
Managing Director

Rajeev K Dalmia
Chief Financial Officer

B D Narang
Director

Jagdish Patra
Company Secretary

Consolidated Profit and Loss Account for the year ended March 31,

| | Notes | 2009 | 2008 |
|--|-------|-------------------------|------------------------|
| (Currency: Indian Rupee) | | | |
| INCOME | | | |
| Sales and Services | 14 | 7,381,089,276 | 4,128,198,818 |
| Other Income | 15 | 12,790,712 | 33,561,912 |
| | | 7,393,879,988 | 4,161,760,730 |
| EXPENDITURE | | | |
| Cost of Traded Goods | 16 | 146,975,195 | 202,324,986 |
| Operating Expenses | 17 | 5,292,529,702 | 3,412,877,965 |
| Personnel Cost | 18 | 543,359,666 | 420,423,472 |
| Administration and Other Expenses | 19 | 468,849,098 | 357,688,786 |
| Selling and Distribution Expenses | 20 | 2,162,147,803 | 1,818,931,101 |
| Financial Expenses (Net) | 21 | 1,292,675,100 | 513,192,370 |
| Depreciation/Amortization | 6 | 2,288,598,834 | 1,570,328,787 |
| | | 12,195,135,398 | 8,295,767,467 |
| Profit/(Loss) before Tax | | (4,801,255,410) | (4,134,006,737) |
| Provision for Taxation - Current Tax | | - | - |
| - Deferred Tax (Refer Note 27.2) | | (2,068,534) | 1,027,949 |
| - Fringe Benefit Tax | | 7,699,754 | 6,092,057 |
| - Wealth Tax | | 71,603 | 50,911 |
| - Short Provision in earlier years | | - | 98,142 |
| Profit/(Loss) after Tax | | (4,806,958,233) | (4,141,275,796) |
| Balance Brought Forward | | (6,834,577,953) | (2,693,302,157) |
| Balance Carried to Balance Sheet | | (11,641,536,186) | (6,834,577,953) |
| Basic and Diluted Earnings Per Share calculated on share of Re. 1 each (Refer Note 36) | | (10.11) | (9.98) |
| The accompanying notes form an integral part of these financial statements | | | |

As per our attached report of even date

L.K. Shrishimal
Partner

For and on behalf of
MGB & Co.
Chartered Accountants

Place : Noida
Date : June 18, 2009

For and on behalf of Board

Jawahar Lal Goel
Managing Director

Rajeev K Dalmia
Chief Financial Officer

B D Narang
Director

Jagdish Patra
Company Secretary

Notes to Consolidated Financial Statements for the year ended March 31,

| | 2009 | 2008 |
|---|-----------------------------|-----------------------------|
| (Currency Indian Rupee) | | |
| 2. SHARE CAPITAL | | |
| Authorized | | |
| 1000,000,000 (730,000,000) Equity Shares of Re. 1 each | <u>1,000,000,000</u> | <u>730,000,000</u> |
| Issued, Subscribed and Paid-up | | |
| 428,222,803 equity shares of Re. 1 each fully paid up | <u>428,222,803</u> | 428,222,803 |
| (Of the above 249,300,890 Equity Shares of Re.1 each fully paid up were allotted for consideration other than cash pursuant to the Scheme of Arrangement) | | |
| 51,81,49,592 (Nil) equity shares of Re. 1 each paid up Re. 0.50 per share | <u>259,074,796</u> | - |
| TOTAL | <u><u>687,297,599</u></u> | <u><u>428,222,803</u></u> |
| 3. RESERVES AND SURPLUS | | |
| Securities Premium: (Refer Note 34.1) | | |
| As per Last Balance Sheet | - | - |
| Add: Received during the year | <u>2,849,822,756</u> | - |
| | <u>2,849,822,756</u> | - |
| Less: Rights Issue Expenses (Refer Note 34.3) | <u>57,501,428</u> | - |
| | <u>2,792,321,328</u> | - |
| General Reserves | | |
| As per Last Balance Sheet (As per Scheme of Arrangement) | <u>1,695,856,798</u> | 1,695,856,798 |
| Less: Debit balance in Profit and Loss Account per contra | <u>1,695,856,798</u> | 1,695,856,798 |
| | - | - |
| TOTAL | <u><u>2,792,321,328</u></u> | <u><u>-</u></u> |
| 4. SECURED LOANS | | |
| (For Security and other details Refer Note 26) | | |
| Term Loan from Banks | <u>2,590,700,000</u> | - |
| Bridge Loan from Bank | - | 604,780,715 |
| Cash Credit from Bank | <u>74,604,622</u> | 75,872,009 |
| Vehicle Loan | <u>4,260,196</u> | 3,350,537 |
| Interest accrued and due | <u>27,673,047</u> | - |
| TOTAL | <u><u>2,697,237,865</u></u> | <u><u>684,003,261</u></u> |
| 5. UNSECURED LOANS (Refer Note 26) | | |
| Term Loan from Bank | <u>5,163,024,160</u> | 351,714,000 |
| Short Term Loan from Bank | <u>1,000,000,000</u> | 800,000,000 |
| Inter Corporate Deposit | <u>2,617,676,875</u> | 3,458,483,000 |
| Interest accrued and due | <u>13,918,417</u> | 150,968,574 |
| TOTAL | <u><u>8,794,619,452</u></u> | <u><u>4,761,165,574</u></u> |

Notes to Consolidated Financial Statements for the year ended March 31,

(Currency: Indian Rupee)

6. FIXED ASSETS (At Cost)

| Particulars | GROSS BLOCK | | | DEPRECIATION / AMORTIZATION | | | | NET BLOCK | | |
|------------------------------------|----------------------|----------------------|------------------|-----------------------------|----------------------|----------------------|------------------|----------------------|----------------------|----------------------|
| | As at April 01, 2008 | Additions | Sale/ Adjustment | As at March 31, 2009 | Upto March 31, 2008 | For the year | Sale/ Adjustment | Upto March 31, 2009 | As at March 31, 2009 | As at March 31, 2008 |
| Intangible Assets | | | | | | | | | | |
| Goodwill | 451,177,637 | - | - | 451,177,637 | 112,794,409 | 90,235,527 | - | 203,029,936 | 248,147,701 | 338,383,228 |
| Licence fees | 100,000,000 | 17,362,250 | - | 117,362,250 | 45,000,000 | 12,604,338 | - | 57,604,338 | 59,757,912 | 55,000,000 |
| Software | 175,657,495 | 17,995,984 | - | 193,653,479 | 70,285,719 | 36,868,949 | - | 107,154,668 | 86,498,811 | 105,371,776 |
| Total (A) | 726,835,132 | 35,358,234 | - | 762,193,366 | 228,080,128 | 139,708,814 | - | 367,788,942 | 394,404,424 | 498,755,004 |
| Tangible Assets | | | | | | | | | | |
| Plant and Machinery | 1,382,811,192 | 494,783,566 | - | 1,877,594,758 | 353,229,514 | 222,112,080 | - | 575,341,594 | 1,302,253,164 | 1,029,581,678 |
| Consumer Premises-Equipments (CPE) | 6,892,742,770 | 4,486,651,514 | - | 11,379,394,284 | 1,707,822,937 | 1,903,877,307 | - | 3,611,700,244 | 7,767,694,040 | 5,184,919,833 |
| Computers | 33,259,200 | 23,817,988 | 333,554 | 56,743,634 | 9,731,141 | 10,611,148 | 316,876 | 20,025,413 | 36,718,221 | 23,528,059 |
| Equipments | 37,924,534 | 8,538,881 | 92,135 | 46,371,280 | 2,736,690 | 2,373,765 | 18,134 | 5,092,321 | 41,278,959 | 35,187,844 |
| Furniture and Fixtures | 14,194,037 | 4,964,914 | 195,000 | 18,963,951 | 1,927,173 | 1,567,523 | 24,721 | 3,469,975 | 15,493,976 | 12,266,864 |
| Vehicles | 24,073,736 | 6,924,208 | 7,489,787 | 23,508,157 | 5,628,165 | 2,756,224 | 1,845,064 | 6,539,325 | 16,968,832 | 18,445,571 |
| Leasehold Improvements | 7,629,077 | 38,651,198 | - | 46,280,275 | 4,406,438 | 5,845,755 | - | 10,252,193 | 36,028,082 | 3,222,639 |
| Total (B) | 8,392,634,546 | 5,064,332,269 | 8,110,476 | 13,448,856,339 | 2,085,482,058 | 2,149,143,802 | 2,204,795 | 4,232,421,065 | 9,216,435,274 | 6,307,152,488 |
| Total (A+B) | 9,119,469,678 | 5,099,690,503 | 8,110,476 | 14,211,049,705 | 2,313,562,186 | 2,288,852,616 | 2,204,795 | 4,600,210,007 | 9,610,839,698 | 6,805,907,492 |
| Previous Year | 6,580,023,774 | 2,540,060,343 | 614,439 | 9,119,469,678 | 742,888,739 | 1,570,723,822 | 50,375 | 2,313,562,186 | 6,805,907,492 | |

Note:

- 1) Details of assets given on Operating Lease is given in Note 32.2
- 2) Depreciation for the year includes Rs. 253,782 (Rs. 395,035) taken to pre-operative expenses (Refer Note 28.3)
- 3) Refer Note 29.7.2 for foreign currency exchange difference capitalised during the year.

7. INVESTMENTS

Long Term (At Cost) - Unquoted (Non-Trade)

NSC VIII issue

(Pledge with Sales Tax Authorities)

Aggregate Book value of unquoted investments

8. INVENTORIES

(As taken, valued and certified by the management)

Stock in Trade (CPE and Accessories)

TOTAL

9. SUNDRY DEBTORS

(Unsecured, considered good unless otherwise stated)

More than Six Months [(Include doubtful of Rs.30,519,990 (Rs.18,788,469))]

Others [Includes doubtful Rs. Nil (Rs.16,160,689)]

TOTAL

Less: Provision for Doubtful Debts

TOTAL

| | | |
|--|--------------------|-------------|
| | 2009 | 2008 |
| | 25,500 | 25,500 |
| | 25,500 | 25,500 |
| | 25,500 | 25,500 |
| | 32,154,439 | 58,316,913 |
| | 32,154,439 | 58,316,913 |
| | 392,366,861 | 341,720,260 |
| | 164,252,027 | 96,410,094 |
| | 556,618,888 | 438,130,354 |
| | 30,519,990 | 34,949,158 |
| | 526,098,898 | 403,181,196 |

Notes to Consolidated Financial Statements for the year ended March 31,

| | 2009 | 2008 |
|---|-----------------------|-----------------------|
| (Currency: Indian Rupee) | | |
| 10. CASH AND BANK BALANCES | | |
| Cash in Hand | 4,672,127 | 1,633,710 |
| Balance with Scheduled Banks : | | |
| In Current Account | 495,110,802 | 125,405,918 |
| In Short Term Deposit Account | 973,172 | 289,210,111 |
| In Fixed Deposit/Margin Account (Pledged/ under lien with banks and others) | 304,447,627 | 95,019,663 |
| Cheques in hand | 98,576 | 180,624 |
| TOTAL | 805,302,304 | 511,450,026 |
| 11. LOANS AND ADVANCES (Refer Note 29.6) (Unsecured, considered good unless otherwise stated) | | |
| Loans | 979,593,668 | 901,507,002 |
| Other Advances* | 6,764,694,524 | 2,138,611,067 |
| Deposits | 187,606,782 | 62,010,421 |
| | 7,931,894,974 | 3,102,128,490 |
| Less: Provision for Doubtful Advances* | 1,226,043,309 | 1,226,043,309 |
| TOTAL | 6,705,851,665 | 1,876,085,181 |
| 12. CURRENT LIABILITIES AND PROVISIONS | | |
| Current Liabilities | | |
| Creditors for Goods | 883,054,485 | 491,025,136 |
| Creditors for Expenses and Other Liabilities (Refer Note 29.5) | 7,018,743,844 | 4,132,623,396 |
| Advances / Deposits Received | 8,394,602,700 | 7,021,364,433 |
| Interest Accrued but not due | 14,453,354 | 12,317,246 |
| | 16,310,854,383 | 11,657,330,211 |
| Provisions | | |
| For Taxation | 28,186,185 | 18,227,731 |
| For Retirement Benefits | 52,106,880 | 30,097,228 |
| | 80,293,065 | 48,324,959 |
| TOTAL | 16,391,147,448 | 11,705,655,170 |
| 13. PROFIT AND LOSS ACCOUNT | | |
| Balance as per Profit and Loss Account | 11,641,536,186 | 6,834,577,953 |
| Add: Adjustment pursuant to adoption of option granted under AS-11 (Refer Note 29.7.2) | 8,463,646 | - |
| | 11,649,999,832 | 6,834,577,953 |
| Less: Adjusted against General Reserves per contra | 1,695,856,798 | 1,695,856,798 |
| TOTAL | 9,954,143,034 | 5,138,721,155 |

Notes to Consolidated Financial Statements for the year ended March 31,

(Currency: Indian Rupee)

| | 2009 | 2008 |
|---|----------------------|----------------------|
| 14. SALES AND SERVICES | | |
| Income from DTH Subscribers: | | |
| Subscription Revenue | 5,897,360,176 | 3,288,419,875 |
| Lease Rentals | 1,007,177,287 | 603,614,861 |
| Other Operating Income | 1,776,835 | 348,100 |
| Teleport Services | 133,063,394 | 112,174,801 |
| Bandwidth Charges | 242,236,743 | 5,396,513 |
| Sales - CPE, Accessories and Others | 96,732,616 | 114,227,808 |
| Call Center Charges | 2,742,225 | 4,016,860 |
| TOTAL | 7,381,089,276 | 4,128,198,818 |
| 15. OTHER INCOME | | |
| Exchange Difference (Net) | - | 27,790,286 |
| Profit on redemption of units of Mutual Funds | - | 2,486,905 |
| Profit on sale of Fixed Assets | 81,987 | - |
| Other Income | 12,708,725 | 3,284,721 |
| TOTAL | 12,790,712 | 33,561,912 |
| 16. COST OF TRADED GOODS | | |
| Opening Stock | 58,316,913 | 11,762,339 |
| Purchases | 120,812,721 | 248,879,560 |
| | 179,129,634 | 260,641,899 |
| Less: Closing Stock | 32,154,439 | 58,316,913 |
| TOTAL | 146,975,195 | 202,324,986 |
| 17. OPERATING EXPENSES | | |
| Transponder Lease | 477,304,543 | 344,861,522 |
| License Fees | 745,617,013 | 406,844,958 |
| Uplink Charges | 89,746,010 | 69,190,102 |
| Programming and Other Costs | 3,478,984,063 | 2,339,111,148 |
| Entertainment Tax | 178,494,721 | 73,803,895 |
| Other Operating Charges | 322,383,352 | 179,066,340 |
| TOTAL | 5,292,529,702 | 3,412,877,965 |
| 18. PERSONNEL COST | | |
| Salary, Bonus and Allowances | 490,436,312 | 381,066,840 |
| Contribution to Provident and Other Funds | 29,398,133 | 23,124,372 |
| Staff Welfare | 14,860,858 | 14,099,334 |
| Recruitment and Training Expenses | 8,664,363 | 2,132,926 |
| TOTAL | 543,359,666 | 420,423,472 |

Notes to Consolidated Financial Statements for the year ended March 31,

(Currency: Indian Rupee)

| | 2009 | 2008 |
|---|----------------------|----------------------|
| 19. ADMINISTRATION AND OTHER EXPENSES | | |
| Rent | 49,120,965 | 29,801,713 |
| Rates and Taxes | 6,493,430 | 442,483 |
| Electricity Charges | 27,501,887 | 13,154,429 |
| Insurance | 5,257,809 | 3,383,579 |
| Repairs and Maintenance - Plant and Machinery | 13,494,075 | 13,984,845 |
| - Building | 3,658,059 | 3,599,818 |
| - Others | 14,984,189 | 9,462,843 |
| Vehicles Expenses | 2,072,826 | 3,078,832 |
| Legal and Professional Fees | 57,256,501 | 42,976,764 |
| Director Sitting Fees | 500,000 | 410,000 |
| Printing and Stationary | 30,392,363 | 20,276,505 |
| Communication Expenses | 39,498,429 | 39,609,004 |
| Traveling and Conveyance | 67,911,117 | 57,933,564 |
| Miscellaneous Expenses | 16,826,085 | 39,331,918 |
| Balance Written Off (Net) | - | 1,061,334 |
| Service and Hire Charges | 31,505,547 | 29,812,564 |
| Freight, Cartage and Demurrage | 88,632,481 | 33,265,210 |
| Bad Debts | | 10,332,763 |
| Less: Transfer from Provision for Bad Debts | 5,786,704 | 5,786,704 |
| Loss on sale/ discard of Fixed Assets | 9,197,276 | 15,099,193 |
| TOTAL | 468,849,098 | 357,688,786 |
| 20. SELLING AND DISTRIBUTION EXPENSES | | |
| Advertisement and Publicity Expenses | 897,828,222 | 969,073,221 |
| Business Promotion Expenses | 21,457,580 | 20,745,386 |
| Commission | 1,126,323,468 | 758,600,910 |
| Customer Support Service | 116,538,533 | 70,511,584 |
| TOTAL | 2,162,147,803 | 1,818,931,101 |
| 21. FINANCIAL EXPENSES (NET) | | |
| Interest on: | | |
| - Fixed Loan | 372,661,700 | 258,636,456 |
| - Others | 437,765,051 | 275,514,499 |
| | 810,426,751 | 534,150,955 |
| Less : Interest Received (Gross) | 73,451,576 | 65,404,457 |
| | 736,975,175 | 468,746,498 |
| Exchange Difference (Net) | 262,368,389 | - |
| Bank and Other Financial Charges | 293,331,536 | 44,445,872 |
| TOTAL | 1,292,675,100 | 513,192,370 |

Notes to Consolidated Financial Statements for the year ended March 31,

(Currency: Indian Rupee)

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Accounting Convention:

- i. The Group generally follows mercantile system of accounting and recognizes income and expenditure on accrual basis except those with significant uncertainties.
- ii. The financial statements have been prepared under the historical cost convention and in accordance with the accounting standards referred to in Section 211 (3C) of the Companies Act, 1956.

(b) Fixed Assets:

I. Intangible fixed assets

- i. Cost of computer software includes license fees, cost of implementation and system integration expenses. These costs are capitalized as intangible assets in the year in which related software is implemented.
- ii. Licence fees paid, including for acquiring license to operate Direct to Home (DTH) services, are capitalized as intangible assets.

II. Tangible fixed assets

- i. Tangible fixed assets are stated at cost less accumulated depreciation. Cost includes capital cost, freight, installation cost, duties and taxes, borrowing cost and other incidental expenses incurred during the construction/installation stage attributable to bringing the assets to working condition for its intended use.
- ii. All capital costs and incidental expenditure incurred during the pre operational period and advances paid for capital expenditure are shown as Capital work-in-progress.
- iii. Customer premises equipments are capitalized on activation.

(c) Depreciation/Amortization:

- i. Depreciation is provided on tangible fixed assets including leased assets at the rates adopted in the accounts of respective subsidiaries as permissible under law, on straight line method from the time they are available for use, so as to write off their cost over estimated useful life of the assets.
- ii. Leasehold improvements are amortized over the period of primary lease.
- iii. Computer Software is amortized from the date of implementation on straight line method over a period of five years based on managements estimate of useful life or license period, whichever is shorter.
- iv. Goodwill on acquisition is amortized over a period of five years.
- v. License fee for DTH License is amortized over the period of license and other license fees are amortized over the management estimate of useful life of five years.

(d) Revenue Recognition:

- i. Subscription and other services revenues are recognized on completion of the services.
- ii. Lease Rentals is recognized as revenue as per the contract of operating lease.
- iii. Sale of goods is recognized when risk and rewards of ownership are passed on to the customer, which is generally on dispatch of goods.

(e) Investments:

Investment intended to be held for more than one year from the date of acquisition are classified as long term investment and are carried at cost. Provision for diminution in value of investments is made to recognize a decline other than temporary. Current investments are stated at cost or fair value, whichever is lower.

Notes to Consolidated Financial Statements for the year ended March 31,

(Currency: Indian Rupee)

(f) Inventories:

Inventories of consumer premises equipments (CPE) and related accessories are valued at lower of cost or net realizable value. Cost is determined on weighted average basis.

(g) Retirement Benefits:

i. Defined Contribution Plan

In respect of retirement benefits in the form of provident fund, the contribution payable by the Company is charged to Profit and Loss account for the year.

ii. Defined Benefit Plan

The Present value of defined benefit obligation and the related current service cost are measured using the projected unit credit method with actuarial valuation being carried out at each balance sheet date. The defined benefit obligations are not funded except in case of two Indian subsidiaries.

Leave encashment:

Liability for leave encashment is provided on the basis of actuarial valuation at the balance sheet date.

Gratuity:

Liability for gratuity for the year is provided on the basis of actuarial valuation, as per defined benefit retirement plan covering eligible employees. The plan provides payment, to vested employees on retirement, death or termination of employment of an amount based on the respective employee's salary and the terms of employment with the Company. In case of two Indian Subsidiaries, the gratuity benefit is provided through annual contribution to a fund managed by the Life Insurance Corporation of India (LIC).

(h) Employees Stock Option Scheme:

In respect of stock option granted pursuant to the Company's Stock Options Scheme, the intrinsic value of the option is treated as discount and accounted as employee compensation cost over the vesting period.

(i) Foreign Currency Transactions:

i) Transactions in foreign currency are recorded at the exchange rate prevailing on the date of transaction. Current Monetary assets and liabilities denominated in foreign currency are translated at the exchange rate prevailing at the balance sheet date and gains or losses on translation are recognized in Profit and Loss account. Non monetary foreign currency items are carried at cost.

Subsequent to adoption of revised accounting standard AS-11 as notified on 31.03.2009 long term foreign currency monetary items are translated at the exchange rate prevailing at the balance sheet date and gains or losses on translation, in so far as it relates to the acquisition of a depreciable capital asset is added to or deducted from the cost of the asset and in related to others, the difference is taken to Foreign Currency Monetary Item Difference Account.

ii) In respect of forward exchange contracts assigned to the foreign currency assets/liabilities, the difference due to change in exchange rate between the inception of forward contract and date of the Balance Sheet and the proportionate premium/discount for the period upto the date of Balance Sheet is recognized in the Profit and Loss Account. Any profit or loss arising on settlement/cancellation of forward contract is recognized as income or expense for the year in which they arise.

(j) Borrowing Costs:

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as a part of such assets. All other borrowing costs are charged to revenue.

Notes to Consolidated Financial Statements for the year ended March 31,

(Currency: Indian Rupee)

(k) Taxes on Income:

Tax expense comprise of current, deferred, wealth and fringe benefit tax. Current income tax, wealth tax and fringe benefit tax is measured as the amount expected to be paid to the tax authorities in accordance with Indian Income Tax Act for the period. Deferred Tax is recognized, subject to consideration of prudence, on timing difference, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods and measured using relevant enacted tax rates. At the balance sheet date the Company assesses unrealized deferred tax assets to the extent they become reasonably certain or virtually certain of realization, as the case may be.

(l) Rights Issue Expenses:

Rights Issue expenses are adjusted against Securities Premium in accordance with Section 78 of the Companies Act, 1956.

(m) Operating Lease:

Lease of the assets where all the risk and rewards of ownership are effectively retained by the lessor are classified as operating lease. Lease payments/revenue under operating lease are recognized as an expense/income on accrual basis in accordance with respective lease agreement.

(n) Earning Per Share:

Basic earnings per share is computed and disclosed using the weighted average number of common shares outstanding during the period. The weighted average numbers of shares are calculated after adjusting for bonus element in a right issue to the existing shareholders. Partly paid equity shares are treated as a fraction of an equity share to the extent that they were entitled to participate in dividends relative to a fully paid equity share during the year. Diluted earnings per share is computed and disclosed using the weighted average number of common and dilutive common equivalent share outstanding during the period except where the result would be anti dilutive.

(o) Impairment:

At each Balance Sheet date, the Company reviews the carrying amount of fixed assets to determine whether there is an indication that those assets have suffered impairment loss. If any such indication exists, the recoverable amount of assets is estimated in order to determine the extent of impairment loss. The recoverable amount is higher of the net selling price and value in use, determined by discounting the estimated future cash flows expected from the continuing use of the asset to their present value.

(p) Provisions, Contingent Liabilities and Contingent Assets:

Provisions involving substantial degree of estimation in measurement are recognized when there is present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognized but are disclosed in the notes to accounts. Contingent Assets are neither recognized nor disclosed in the financial statements.

Notes to Consolidated Financial Statements for the year ended March 31,

(Currency: Indian Rupee)

22. Background

Dish TV India Limited (herein referred to as “the parent company”, “the company” or “Dish”) along with its subsidiaries (collectively known as “the Group”) encompassing the Direct to Home (DTH) Satellite Television Service which includes teleport service, customer support, transponder space leasing etc.

The Group derives revenue mainly from subscription from customers, lease rent on customer premises equipment, teleport services.

23. Use of Estimates

The preparation of the CFS in accordance with the Generally Accepted Accounting Principles requires the management to make estimates and assumption that affect the reported amounts of assets and liabilities, disclosure of contingent liabilities as at the date of the financial statements and the reported amount of revenue and expenses of the year. Actual results could differ from those estimates. Any revision to estimates is recognized prospectively in the current and future periods.

24. Going Concern

The accompanying CFS has been prepared assuming that the Company will continue as a going concern. The management believes that it is appropriate to prepare these financial statements on a ‘going concern’ basis, for the following reasons:

- 24.1 The Company hold DTH license from Government of India for a considerable long time.
- 24.2 The Company is the first to launch DTH services in India. This type of business necessitates long gestation period. Being first mover, the Company has incurred huge expenses on awareness of the product, brand building on a pan India basis, the benefits of which will accrue in the future years.
- 24.3 The Promoters are fully seized of the matter and is of the view that going concern assumption holds true and that the company will be able to discharge its liabilities in the normal course of business and the Company during the year, has raised finance through rights issue of equity shares, loans from banks and is also considering other financing options including debts to meet its future fund requirement. Hence, no adjustment is required in accounts relating to recoverability of the recorded assets amounts and in respect of liabilities as might be necessary for compilation as where the Company is no longer a going concern.
- 24.4 In the case of one subsidiary, its management has decided in earlier years to close the major part of the business operations of the subsidiary. In view of the closure plan, the fixed assets, current assets, loans & advances have been carried at estimated net realizable value.

25. Basis of Consolidation

- 25.1 The Consolidated Financial Statements (CFS) of the Group are prepared under the historical cost convention in accordance with Generally Accepted Accounting Principles in India and the Accounting Standard (AS) 21 on “Consolidated Financial Statements”, to the extent possible in the same format as that adopted by the parent company for its separate financial statements by regrouping, recasting or rearranging figures wherever considered necessary. The significant inconsistencies in accounting policies are disclosed wherever applicable and no adjustment are made in CFS for such inconsistencies. The consolidation of the financial statements of the parent company and its subsidiaries is done to the extent possible on line to line basis by adding together like items of assets, liabilities, income and expenses. All significant intra group transactions, balances and unrealized inter company profits have been eliminated in the process of consolidation.
- 25.2 The parent company and its subsidiaries prepare its financial statements under the historical cost convention, in accordance with Generally Accepted Accounting Principles (GAAP) prevalent in India.
- 25.3 The CFS includes the Financial Statements of the parent company and the subsidiaries (all Indian companies) as listed in the table below. Subsidiaries are consolidated from the date on which effective control is acquired and are excluded from the date of transfer/disposal.

| Name of the Subsidiaries | Extent of holding % |
|--|---------------------|
| Integrated Subscribers Management Services Limited | 100.00 |
| Agrani Convergence Limited | 51.00 |
| Agrani Satellite Services Limited | 100.00 |

- 25.4 Minority interest in subsidiary represents the minority shareholders proportionate share of the net assets and net income.

Notes to Consolidated Financial Statements for the year ended March 31,

(Currency: Indian Rupee)

25.5 Financial Statements of Subsidiaries

The Ministry of Corporate Affairs, Government of India vide its order no.47/200/2009-CL-III dated 20th March, 2009 issued under section 212(8) of the Companies Act, 1956 ("The Act") has exempted the Company from attaching the Balance Sheets and Profit and Loss Accounts of its subsidiaries under Section 212(1) of the Act. As per the orders, key details of each subsidiary are attached along with statements under Section 212(1) of the Act.

26. SECURED / UNSECURED LOANS

Secured Loans:

- 26.1 Term Loan from banks Rs. 2,590,700,000 (Rs. Nil) is under syndicate debt facility and secured by all movable assets, uncalled capital, intellectual property, goodwill and all investments, all rights, title, interest of all insurance contracts (both present and future), all contracts, government approvals and licenses relating to project, all amounts in the accounts or other receivables liable to be credited to the accounts in the course of the business, all amounts and receivables from whomsoever person, both present and future in relation to project, floating charge on other assets. Further the Company is required to maintain minimum reserve amount with the banks which is guaranteed by a related party. The promoters of the Company have provided undertaking for project completion.
- 26.2 Bridge Loan of Rs. Nil (Rs. 604,780,715) is secured by hypothecation of all movable properties including movable plant and machinery, machinery spares, tools and accessories, book debts etc., present and future, and corporate guarantee of related party and pledge of certain shares held by the promoters in the Company.
- 26.3 Cash Credit of Rs. 74,604,622 (Rs. 75,872,009) is secured by first pari passu charge by way of hypothecation on moveable fixed assets of the Company and pledge of shares owned by related parties.
- 26.4 Vehicle loans are secured against hypothecation of vehicles (ROC charge not registered) (Amount repayable within a year Rs. 1,538,084)

Unsecured Loans:

- 26.5 Term Loan (Foreign currency arrangement of buyer credit) from bank Rs. 1,475,853,910 (Rs. 351,714,000) is guaranteed by a related party.
- 26.6 Term Loan (Foreign currency arrangement by way of buyer credit) from bank of Rs. 687,170,250 (Rs. Nil) is on undertaking provided by related party and the Company has to maintain minimum reserve equivalent to three months payments of principal and interest on outstanding amount.
- 26.7 Short Term Loan from bank Rs. Nil (Rs. 800,000,000) is ranking pari passu in all respect with all other, present and future, senior, unsecured and unsubordinated obligation of the Company. A reserve account is maintained to provide cover for three months interest on outstanding loan. Related party of the Company is required to provide negative pledge of shares of the Company held by them.
- 26.8 Term Loan from bank Rs. 3,000,000,000 (Rs. Nil) is collaterally secured by immovable property and corporate guarantee provided by related parties. The Company to maintain debt service reserve equivalent to three months installment and interest.
- 26.9 Short Term Loan from bank Rs. 1,000,000,000 (Rs. Nil) is guaranteed by a related party.

27. Taxes on Income

- 27.1 In view of the losses incurred by the Company and its subsidiaries during the year, no provision for current income tax is required.
- 27.2 In accordance with the Accounting Standards-22 on "Accounting for Taxes on Income" deferred tax assets and liability should be recognized for all timing difference in accordance with the said standard. However considering the present financial position and requirements of the accounting standard regarding certainty/virtual certainty, the same is not provided for by the group except by one subsidiary. The same will be reassessed at a subsequent Balance Sheet date and will be accounted for in the year when certainty / virtual certainty in accordance with the aforesaid accounting standard is ascertained.

Notes to Consolidated Financial Statements for the year ended March 31,

(Currency: Indian Rupee)

27.3 The components of the deferred tax balance in respect to one subsidiary are as under:

| Particulars | 2009 | 2008 |
|---|--------------------|--------------------|
| Deferred Tax Assets | | |
| Fiscal Allowances carried forward | 156,339,867 | 92,355,280 |
| Total | 156,339,867 | 92,355,280 |
| Deferred Tax Liabilities | | |
| Depreciation | 162,157,253 | 100,241,200 |
| Total | 162,157,253 | 100,241,200 |
| Deferred Tax Balances (Net)- Liability | 5,817,386 | 7,885,920 |

28. Fixed Assets and Capital Work-in-Progress

28.1 Capital Work in Progress comprises of equipments [including customer premises equipment (CPE)] Rs. 1,893,584,184 (Rs. 1,082,144,187), capital goods in transit Rs. 468,421,511 (Rs. 447,758,162) and capital advances Rs. 113,939,713 (Rs. 3,571,596) and pre-operative expenses Rs. 1,258,080,132 (Rs. 1,259,771,320)

28.2 The Company during the year has set up a facility named "Headend In The Sky" (HITS) for providing television channels in digital form directly to MSO and Cable Operators. The expenses incurred on the project during the construction and trial run period (net of revenue) till March 31, 2009 as per detail given below, have been capitalized over the related assets:

| Particulars | Amount |
|--|--------------------|
| Transponder Charges | 464,799,425 |
| License fees | 106,68,542 |
| Programming and Other Costs | 5,303,516 |
| Salary, Bonus and Allowances | 1,665,414 |
| Contribution to Provident and Other Fund | 105,534 |
| Staff Welfare | 35,894 |
| Rent | 403,173 |
| Electricity Charges | 216,644 |
| Communication Expenses | 370,856 |
| | 483,568,998 |
| Less: Revenue received during trial run period | 1,249,315 |
| Total | 482,319,683 |
| Less: Capitalized to fixed assets | 482,319,683 |
| Balance | - |

28.3 Capital Work in Progress Includes preoperative expenses of Rs. 1,258,080,132 (Rs. 1,259,771,320) related to one of the subsidiaries which is implementing the satellite service project, as per detail given below. All the expenses for implementing the satellite project are taken to preoperative expenses. These are to be eventually allocated to fixed assets, on commencement of commercial operations.

| Particulars | 2009 | 2008 |
|---|----------------------|---------------|
| Expenditure up to Previous Year | 1,259,771,320 | 1,249,268,084 |
| Salary, Bonus and Allowances | 8,282,910 | 7,600,274 |
| Contribution to Provident and Other Funds | 215,141 | 339,216 |
| Staff Welfare Expenses | 142,639 | 101,258 |
| Rent | 460,294 | 510,363 |
| Rates and Taxes | 108,387 | 12,300 |
| Insurance | 43,713 | 18,037 |
| Communication Expenses | 157,040 | 122,863 |
| Electricity Charges | 87,809 | 71,945 |

Notes to Consolidated Financial Statements for the year ended March 31,

(Currency: Indian Rupee)

| Particulars | 2009 | 2008 |
|--------------------------------------|----------------------|----------------------|
| Printing and Stationery | 93,711 | 45,095 |
| Repairs and Maintenance-Others | 4,316 | - |
| Legal and Professional Expenses | 1,243,944 | 3,167,468 |
| Traveling and Conveyance Expenses | 1,632,065 | 1,133,384 |
| Depreciation | 253,782 | 395,035 |
| Loss on Sale/Discard of Fixed Assets | 39,017 | - |
| Miscellaneous Expenses (Net) | 1,282,421 | -71,046 |
| Remuneration to Auditors | | |
| For Audit Fees | 145,050 | 173,034 |
| For Other Matter | 28,678 | 40,786 |
| Other Financial Charges | 2,014,953 | 2,434,212 |
| Business Promotion Expenses | 50,804 | 24,600 |
| Provision for Fringe Benefit Tax | 126,854 | 82,481 |
| Provision for Income Tax | 7,992,872 | 2,934,059 |
| | 1,284,177,720 | 1,268,403,448 |
| Less: Interest Received | 26,097,588 | 8,632,128 |
| Total | 1,258,080,132 | 1,259,771,320 |

29. Other Disclosures

- 29.1 Previous year figures have been regrouped, rearranged and recasted wherever considered necessary to confirm to current year presentation. Figures in brackets pertain to previous year.
- 29.2 Prior period expenses included in the respective expense heads are as under:

| Particulars | 2009 | 2008 |
|---|-------------------|-------------------|
| A) Income | | |
| Interest Income | 8,053,946 | 56,301 |
| Total Income | 8,053,946 | 56,301 |
| B) Expenses | | |
| Programming and Other Cost | - | 124,262 |
| Other Operating Charges | - | 11,228,299 |
| Electricity Charges | - | 14,112 |
| Communication Expenses | (31,383) | 107,293 |
| Miscellaneous Expenses | 9,652,586 | 1,714,914 |
| Advertisement and Publicity Expenses | 2,902,237 | 4,481,148 |
| Commission | 89,247 | 8,695,650 |
| Traveling and Conveyance | 60,778 | 139,825 |
| Repairs and Maintenance-Plant and Machinery | 544 | 890,370 |
| Interest | 1,661,705 | - |
| Entertainment Tax | - | 346,629 |
| Freight, Cartage and Demurrage | 5,847 | - |
| Legal and Professional Expenses | 3,637 | - |
| Fees, Rates and Taxes | 52,842 | - |
| Business Promotion Expenses | 52,459 | |
| Total Expenses | 14,450,499 | 27,742,502 |
| Net Expenses (B-A) | 6,396,553 | 27,686,201 |

Notes to Consolidated Financial Statements for the year ended March 31,

(Currency: Indian Rupee)

- 29.3 The assets, licenses and agreements etc. acquired by way of mergers and slump sale are in the process of registration/transfer in the name of the Company.
- 29.4 Debit and Credit balances of parties including of subscribers, distributors and dealers are subject to confirmation/reconciliation few have been confirmed balances.
- 29.5 Creditors for Expenses and Other Liabilities includes cheque overdrawn Rs. 128,441,287 (Rs. Nil).

29.6 Loans and Advances

- 29.6.1 Other Advances includes Rs. 1,208,430,395 due from foreign companies acquired as part of multi mission satellite system project considered as doubtful in earlier years and provided for.
- 29.6.2 Loans (including interest thereon) and other advances includes to Rs. 957,267,575 and Rs. 216,317,469 respectively recoverable from two parties are overdue. The management is of the view that these amounts are recoverable.
- 29.6.3 Other Advances includes Rs. 1,411,441,164 (Rs. Nil) paid to a related party under an agreement for arranging security for loan avail from bank.

29.7 Foreign Currency Transaction

- 29.7.1 The foreign exchange loss (net) of Rs. 262,368,389 [gain (net) Rs. 27,790,286] resulting from settlement and realignment of foreign exchange transaction has been adjusted to Profit and Loss Account. Foreign currency exchange difference of Rs. 178,083,500 is capitalized under fixed assets and Rs. 18,846,610 under capital work in progress as explained below in Note 29.8.2.
- 29.7.2 The Group has opted for accounting the exchange differences arising on reporting of long term foreign currency monetary items in line with Companies (Accounting Standards) Amendment Rules 2009 on Accounting Standard 11 (AS-11) notified by Government of India on March 31, 2009. Accordingly the group has capitalized exchange loss of Rs. 196,930,110 (including gain Rs. 8,463,646 pertaining to earlier periods adjusted through profit and loss account) with the cost of fixed assets/capital work in progress.

29.8 Employee Stock Option Plan – ESOP-2007

The shareholders of the Company at the Annual General Meeting held on August 03, 2007 approved Employee Stock Option Plan i.e. ESOP 2007 (“The Scheme”). The Scheme provides for issue of 4,282,228 options (underlying equity share of Re. 1 each) to the employees, of the Company as well as that of its subsidiaries and also to non-executive directors including independent directors of the Company at the market price determined as per the SEBI (ESOS) Guidelines, 1999.

The options granted under the Scheme shall vest not less than one year and not more than five years from the date of grant of options. Under the terms of the Scheme, 20% of the options will vest in the employee every year equally. The Option Grantee must exercise all vested options within a period of four years from the date of vesting. Once the options vest as per the Scheme, they would be exercisable by the Option Grantee at any time and the shares arising on exercise of such options shall not be subject to any lock-in period.

The shareholders in their meeting held on August 28, 2008 have approved the re-pricing of options already granted but not exercised. Consequently the Remuneration Committee in its meeting held on August 28, 2008 has re-priced the exercise price at Rs. 37.55 per option, determined as per SEBI (ESOS) Guidelines, 1999.

The Board of Directors decided not to make any price adjustment on options already granted under the Scheme, consequent to the issuance and allotment of equity shares on right basis, as there is no material impact on options value granted to employees of the Company.

The details of the options granted and movement is set out below:

| Particulars | Lot 1 | | Lot 2 | Lot 3 |
|---|------------------------|-----------------|-----------------------|-----------------|
| | 2009 | 2008 | 2009 | 2009 |
| Date of grant | August 21, 2007 | August 21, 2007 | April 24, 2008 | August 28, 2008 |
| Number of options granted | 3,073,050 | 3,073,050 | 184,500 | 30,000 |
| Market value on the date of grant (Rs.) (per share) | 75.20 | 75.20 | 63.95 | 37.55 |
| Re-pricing (Rs.) (per share) | 37.55 | 37.55 | 37.55 | - |

Notes to Consolidated Financial Statements for the year ended March 31,

(Currency: Indian Rupee)

| Particulars | Lot 1 | | Lot 2 | Lot 3 |
|--|-----------|-----------|---------|--------|
| | 2009 | 2008 | 2009 | 2009 |
| Options outstanding at the beginning of the year (Nos) | 2,926,150 | - | - | - |
| Add: Options granted (Nos) | - | 3,073,050 | 184,500 | 30,000 |
| Less: Options exercised (Nos) | - | - | - | - |
| Options cancelled (Nos) | - | - | - | - |
| Options lapsed (Nos) | 1,489,600 | 146,900 | 184,500 | - |
| Options forfeited (Nos) | - | - | - | - |
| Options expired (Nos) | - | - | - | - |
| Options outstanding at the year end (Nos) | 1,436,550 | 2,926,150 | - | 30,000 |

The options were granted to the employees at an exercise price, being the latest market price as per SEBI (ESOS) Guidelines, 1999. In view of this, there being no intrinsic value (being the excess of the market price of share under ESOS over the exercise price of the option), on the date of grant, hence the Company is not required to account the accounting value of option as per SEBI (ESOS) Guidelines, 1999.

30. Capital Commitment

Estimated amount of contract remaining to be executed on capital account and not provided for (Net of advance) is Rs. 1,560,397,695 (Rs. 445,392,675).

31. Contingent Liability not provided for

31.1

| Particulars | 2009 | 2008 |
|--|---------------|---------------|
| Guarantees given by Banks [Includes Rs. 488,860,000 (Rs. 490,860,000) guarantee by a related party] | 604,615,000 | 605,640,000 |
| Claim against the Company not acknowledged as debt | 43,999,609 | 44,840,319 |
| Sales Tax and VAT demands | 36,878,365 | 3,144,271 |
| Entertainment Tax demand | 91,995,090 | 91,995,090 |
| Legal cases against the Company including common cases | Unascertained | Unascertained |

31.2 Subsequent to Balance Sheet date the Service Tax Department has raised a demand of Rs. 669,438,287 for the period from June, 2005 to September, 2007 based on audit by the department. The Company is in the process of taking appropriate remedial action to reply the demand letter.

31.3 The Company has given a guarantee for the performance of the terms and conditions of satellite capacity agreement between a wholly owned subsidiary of the Company viz. Agrani Satellite Services Limited and the vendor which is strategically important for the business of the Company.

32. Operating Lease

32.1 In respect of assets taken on operating lease:

The Group's significant leasing arrangements are in respect of operating leases taken for offices, residential premises, transponder etc. These leases are cancelable operating lease agreements that are renewable on a periodic basis at the option of both the lessee and the lessor. The initial tenure of the lease generally is for 11 months to 120 months. The details of assets taken on operating lease during the period are as under:

| Particulars | 2009 | 2008 |
|--|-------------|-------------|
| Lease rental charges for the year (net of shared cost) | 615,695,743 | 443,853,337 |
| Lease rental charges capitalized during the year | 464,799,425 | - |
| Sub-lease payment received | 85,899,947 | 69,272,219 |

Notes to Consolidated Financial Statements for the year ended March 31,

(Currency: Indian Rupee)

| Particulars | 2009 | 2008 |
|--|--------------------|-------------|
| Future Lease Rental obligation payable (under non-cancelable lease) | | |
| Not later than one year | 383,756,707 | 48,314,693 |
| Later than one year but not later than five years | 377,361,320 | 156,127,078 |
| More than five years | 27,222,458 | 38,800,275 |

32.2 In respect of assets given under operating lease:

The Group has leased out assets by way of operating lease and as on March 31, 2009, the gross book value of such assets, its accumulated depreciation and depreciation for the period is as given below. The total lease income for the period is Rs. 1,007,177,287 (Rs. 603,614,861).

| Particulars | 2009 | 2008 |
|--|-----------------------|---------------|
| Gross Value of the Assets | 11,398,398,934 | 6,911,747,418 |
| Accumulated Depreciation | 3,621,525,649 | 1,715,683,261 |
| Depreciation for the year | 1,905,842,388 | 1,255,681,321 |
| Future Lease Rental Receivable (under non-cancelable lease) | | |
| Not later than one year | 1,273,653,699 | 737,178,825 |
| Later than one year but not later than five years | 2,146,323,077 | 1,963,927,205 |
| More than five years | - | - |

33. Borrowing Cost amounting to Rs. 8,651,696 (Rs. Nil) has been capitalized to the cost of fixed assets/capital work in progress during the year.

34. Rights Issue

34.1 The Company has issued 518,149,592 partly paid up equity shares of Re. 1 each at a premium of Rs. 21 per share for cash to the existing equity shareholders on the record date. The terms of payment are as under:

| Particulars | Total amount due (per share) | Towards Share Capital (per share) | Towards Securities Premium (per share) | Total Amount | Due on (after the date of allotment, at the option of the Company) |
|----------------|------------------------------|-----------------------------------|--|-----------------------|--|
| On Application | 6.00 | 0.50 | 5.50 | 3,108,897,552 | Along with application |
| On First Call | 8.00 | 0.25 | 7.75 | 4,145,196,736 | After 3 months but within 9 months |
| On Second Call | 8.00 | 0.25 | 7.75 | 4,145,196,736 | After 9 months but within 18 months |
| Total | 22.00 | 1.00 | 21.00 | 11,399,291,024 | |

34.2 The utilization of the rights issue proceeds aggregating to Rs. 3,108,897,552 received along with application is as under:

| Particulars | Amount |
|---|----------------------|
| Repayment of Loans | 2,842,144,315 |
| Rights Issue expenses | 31,951,867 |
| Acquisition of consumer premises equipments | 129,740,858 |
| General corporate purpose | 105,060,512 |
| Total | 3,108,897,552 |

34.3 The Rights Issue expenses Rs. 57,501,428 incurred during the year are adjusted against Securities Premium in accordance with section 78 of the Companies Act, 1956.

35. Related Party Disclosures

35.1 List of parties where control exists:

- Agrani Satellite Services Limited (Wholly Owned Subsidiary)

Notes to Consolidated Financial Statements for the year ended March 31,

(Currency: Indian Rupee)

- Integrated Subscribers Management Services Limited (Wholly Owned Subsidiary)
- Agrani Convergence Limited (extent of holding 51%)

35.2 Other Related Parties with whom transactions have taken place during the period and balances outstanding as on last date of the year:-

Afro-Asian Satellite Communication (Gibraltar) Limited, Afro-Asian Satellite Communication (UK) Limited, Agrani Satellite Communication (Gibraltar) Limited, Agrani Telecom Limited, ASC Telecommunication Limited, Asia Today Limited, Ayepee Lamitubes Limited, Brio Academic Infrastructure and Resources Management Private Limited, Churu Trading Company Private Limited, Essel Sports Private Limited, Dakshin Media Gammig Solutions Private Limited, Diligent Media Corporation Limited, E-City Entertainment (I) Private Limited, E-City Property Management and Services Private Limited, Essel Agro Private Limited, Essel Corporate Services Private Limited, Essel Shyam Communication Limited, Essel Shyam Technology Limited, ETC Networks Limited, Essel Infracore Limited, Ganjam Trading Company Private Limited, Indian Cable Net Company Limited, Interactive Tradex India Private Limited, Intrex Tradex Private Limited, ITZ Cash Card Limited, Intrex India Limited, Quickcall Private Limited, Pan India Network Infracore Private Limited, Pan India Network Investment Private Limited, Pan India Network Private Limited, Pan India Paryatan Limited, Prajatra Trading Company Private Limited, Premier Finance & Trading Company Limited, Procall Private Limited, Rama Associates Limited, Rupee Finance and Management Private Limited, Suncity Projects Private Limited, Wire and Wireless India Limited, Zee Akash News Private Limited, Zee Entertainment Enterprises Limited, Zee Multimedia Worldwide Mauritius Limited, Zee News Limited, Zee Sports Limited, Zee Turner Limited.

Directors/Key Management Personnel:

Mr. Subhash Chandra, Mr. Jawahar Lal Goel and Mr. Ashok Kurien.

35.3 Transaction with Related Parties:

| Particulars | 2009 | | 2008 | |
|--|----------------------|--------------------------|----------------------|--------------------------|
| | Total Amount | Amount for Major Parties | Total Amount | Amount for Major Parties |
| With Other Related Parties: | | | | |
| Sales, Services & Recoveries (Net of Taxes) | 140,664,282 | | 126,110,426 | |
| Zee Entertainment Enterprises Limited | | 33,805,402 | | 21,354,832 |
| Zee News Limited | | 34,113,426 | | 30,084,754 |
| Asia Today Limited | | 52,080,294 | | 41,957,245 |
| Other Related Parties | | 20,665,160 | | 32,713,595 |
| Purchase of Goods & Services | 1,370,548,005 | | 1,002,581,936 | |
| Zee Turner Limited | | 960,000,062 | | 554,986,614 |
| Zee Entertainment Enterprises Limited | | 208,547,383 | | 129,582,157 |
| ITZ Cash Card Limited | | 131,194,029 | | 104,169,574 |
| Essel Agro Private Limited | | - | | 142,662,558 |
| Other Related Parties | | 70,806,531 | | 71,181,033 |
| Rent Paid | 27,683,088 | | 14,099,123 | |
| Zee Entertainment Enterprises Limited | | 25,132,320 | | 10,629,057 |
| Rama Associates Limited | | 2,550,768 | | 2,318,880 |
| E-City Entertainment (I) Private Limited | | - | | 1,151,186 |
| Interest Paid | 327,022,831 | | 242,554,574 | |
| Zee Entertainment Enterprises Limited | | 68,917,282 | | 197,480,875 |
| Rupee Finance & Management Private Limited | | 4,231,238 | | 40,143,443 |
| Churu Trading Company Private Limited | | 238,734,832 | | - |
| Other Related Parties | | 15,139,479 | | 4,930,256 |
| Interest Received | 86,981,752 | | 59,289,178 | |
| Essel Agro Private Limited | | 53,537,828 | | 50,217,631 |

Notes to Consolidated Financial Statements for the year ended March 31,

(Currency: Indian Rupee)

| Particulars | 2009 | | 2008 | |
|--|----------------------|--------------------------|----------------------|--------------------------|
| | Total Amount | Amount for Major Parties | Total Amount | Amount for Major Parties |
| ASC Telecommunication Limited | | 9,178,078 | | 8,644,633 |
| Pan India Network Private Limited | | 20,139,134 | | - |
| Other Related Parties | | 4,126,712 | | 426,914 |
| Purchase of Fixed Assets | 72,073 | | 38,872,627 | |
| Wire & Wireless India Limited | | 72,073 | | 38,872,627 |
| Sharing of Expenses Payable | 28,938,170 | | 16,427,882 | |
| ASC Telecommunication Limited | | 6,684,902 | | 5,206,638 |
| Zee Entertainment Enterprises Limited | | 18,829,165 | | 9,320,171 |
| Other Related Parties | | 3,424,103 | | 1,901,073 |
| Sharing Of Expenses Receivable | 912,467 | | 3,154,257 | |
| Zee Entertainment Enterprises Limited | | 631,000 | | - |
| Zee Turner Limited | | 178,578 | | 299,880 |
| ITZ Cash Card Limited | | - | | 2,854,377 |
| Other Related Parties | | 102,889 | | - |
| Loan, Advance and Deposit Taken | 4,394,865,685 | | 7,879,090,000 | |
| Zee Entertainment Enterprises Limited | | 2,430,000,000 | | 3,177,000,000 |
| Churu Trading Company Private Limited | | 617,855,685 | | 3,000,000,000 |
| Rupee Finance & Management Private Limited | | 250,000,000 | | 1,680,000,000 |
| Zee News Limited | | 692,500,000 | | - |
| Other Related Parties | | 404,510,000 | | 22,090,000 |
| Repayment of Loan, Advance and Deposit Taken | 5,218,141,293 | | 4,632,015,000 | |
| Zee Entertainment Enterprises Limited | | 432,360,984 | | 2,900,000,000 |
| Churu Trading Company Private Limited | | 3,617,855,685 | | - |
| Rupee Finance & Management Private Limited | | 290,366,648 | | 1,730,000,000 |
| Zee News Limited | | 692,500,000 | | - |
| Other Related Parties | | 185,057,976 | | 2,015,000 |
| Loan, Advance and Deposit Given | 4,783,792,105 | | 27,381,062 | |
| Intrex India Limited | | 50,446,825 | | 26,706,726 |
| Churu Trading Company Private Limited | | 2,835,255,685 | | - |
| Essel Agro Private Limited | | 1,253,200,000 | | - |
| Other Related Parties | | 644,889,595 | | 674,336 |
| Refund Received against Loan, Advance and Deposit Given | 2,065,696,685 | | 4,096,207 | |
| ASC Telecommunication Limited | | - | | 1,500,000 |
| Churu Trading Company Private Limited | | 1,425,255,685 | | - |
| Pan India Network Infravest Private Limited | | 248,391,000 | | - |
| Essel Agro Private Limited | | 14,550,000 | | 1,800,000 |
| Other Related Parties | | 377,500,000 | | 796,207 |
| Corporate Guarantee received | 2,852,950,000 | | 622,700,000 | |
| Zee Entertainment Enterprises Limited | | 2,852,950,000 | | 622,700,000 |
| Release of Corporate Guarantee received | 627,480,715 | | 1,000,000,000 | |
| Zee Entertainment Enterprises Limited | | 627,480,715 | | 1,000,000,000 |
| Collateral Security and Corporate Guarantee for Loan Taken from Bank provided by: | 3,000,000,000 | | - | |

Notes to Consolidated Financial Statements for the year ended March 31,

(Currency: Indian Rupee)

| Particulars | 2009 | | 2008 | |
|--|----------------------|--------------------------|----------------------|--------------------------|
| | Total Amount | Amount for Major Parties | Total Amount | Amount for Major Parties |
| Essel Infraprojects Limited | | | | |
| Rama Associates Limited | | | | |
| Amount Written Back | 8,593,891 | | - | |
| Zee Turner Limited | | 8,205,850 | | - |
| Other Related Parties | | 388,041 | | - |
| Amount Written Off | 352,907 | | 456,024 | |
| ITZ Cash Card Limited | | 352,907 | | - |
| Zee Turner Limited | | - | | 456,024 |
| Remuneration to Key Management Personnel | 6,174,000 | | 6,174,000 | |
| Jawahar Lal Goel (Managing Director) | | 6,174,000 | | 6,174,000 |
| Balance at the end of year: | | | | |
| With Other Related Parties: | | | | |
| Loan, Deposit and Advances Given | 5,224,649,136 | | 2,540,505,488 | |
| Afro-Asian Satellite Communication (UK) Limited | | 376,881,821 | | 376,881,821 |
| Afro-Asian Satellite Communication (Gibraltar) Limited | | 827,708,050 | | 827,708,050 |
| Essel Agro Private Limited | | 2,263,395,148 | | 1,109,160,091 |
| Churu Trading Co. Private Limited | | 1,436,299,622 | | - |
| Other Related Parties | | 320,364,496 | | 226,755,526 |
| Provision Outstanding Against Advances Given & Debtors | 1,226,597,671 | | 1,226,597,671 | |
| Afro-Asian Satellite Communication (UK) Limited | | 376,881,821 | | 376,881,821 |
| Afro-Asian Satellite Communication (Gibraltar) Limited | | 827,708,050 | | 827,708,050 |
| Other Related Parties | | 22,007,800 | | 22,007,800 |
| Loan, Deposit and Advances Taken | 2,870,200,259 | | 3,698,130,941 | |
| Churu Trading Company Private Limited | | - | | 3,004,065,574 |
| Zee Entertainment Enterprises Limited | | 2,430,021,818 | | 432,382,802 |
| Other Related Parties | | 440,178,441 | | 261,682,565 |
| Creditors for Expenses and Other Liabilities | 2,186,077,413 | | 2,122,495,619 | |
| Zee Entertainment Enterprises Limited | | 65,120,441 | | 862,981,201 |
| Zee Turner Limited | | 2,107,062,984 | | 1,182,619,515 |
| Other Related Parties | | 13,893,988 | | 76,894,903 |
| Debtors | 461,250,407 | | 386,541,354 | |
| Asia Today Limited | | 74,888,174 | | 38,636,845 |
| Zee News Limited | | 76,174,061 | | 34,345,809 |
| Zee Entertainment Enterprises Limited | | 236,530,896 | | 193,104,959 |
| Other Related Parties | | 73,657,276 | | 120,453,741 |
| Corporate Guarantee Received | 4,072,200,000 | | 1,846,730,715 | |
| Zee Entertainment Enterprises Limited | | 4,072,200,000 | | 1,846,730,715 |
| Collateral Security and Corporate Guarantee for Loan Taken from Bank provided by: | 3,000,000,000 | | - | |
| Essel Infraprojects Limited | | | | |
| Rama Associates Limited | | | | |

Note: Parties denote who account for 10% or more of the aggregate for that category of transaction.

Notes to Consolidated Financial Statements for the year ended March 31,

(Currency: Indian Rupee)

36. Earning Per Share (EPS)

| Particulars | 2009 | 2008 |
|--|------------------------|-----------------|
| Profit / (Loss) After Tax | (4,806,958,233) | (4,141,275,796) |
| Weighted Average Number of Equity Shares of Re. 1 each (Nos) | 475,362,442 | 414,916,148 |
| Basic and Diluted earning per share – not annualized | (10.11) | (9.98) |

Note: a) Potential conversion of the stock option granted is anti-dilutive and accordingly has not been considered in the calculation of diluted earning per share.

b) Basic and diluted earning per share for the previous year has been recomputed taking into account the effect of the right issue of equity share.

37. Segment Information as per AS-17

The Group follows AS-17 “Segment Reporting” relating to the reporting of financial and descriptive information about their operating segments in financial statements.

The Group’s reportable operating segments have been determined in accordance with the internal management structure, which is organized based on the operating business segments as described below. The geographical segment is not relevant as exports are insignificant.

Direct to Home Services (DTH) – Uplink of satellite television signals to be received by the customer including MSO and Cable Operators. This segment derives revenue by way of Subscription, Lease Rentals, Bandwidth charges and Other Incomes.

Trading – Trading in electronics and other equipments.

Teleport Services – Facility for uplink signals.

Subscriber Management Services – Providing conditional access services, customer support services and related activities.

Transponder Services – Acquisition of Transponders for DTH Services and leasing to external parties.

| (a) Business Segment (Year ended March 31, 2009) | | | | | | | | |
|--|------------------------|---------------------|---------------------|--------------------------------|----------------------|-------------|----------------------|------------------------|
| Description | DTH | Trading | Teleport Services | Subscriber Management Services | Transponder Services | Unallocated | Elimination | Total |
| Segment Revenue | | | | | | | | - |
| External Sales | 7,148,551,041 | 96,732,616 | 133,063,394 | 2,742,225 | - | - | - | 7,381,089,276 |
| Inter Segment Sales | - | 6,019,401 | - | 964,787,235 | - | - | (970,806,636) | - |
| Total Revenue | 7,148,551,041 | 102,752,017 | 133,063,394 | 967,529,460 | - | - | (970,806,636) | 7,381,089,276 |
| Segment Results | (3,938,113,772) | (53,003,324) | (42,688,109) | (30,475,030) | - | - | - | (4,064,280,235) |
| Operating Profit / (Loss) before Interest & Tax | (3,938,113,772) | (53,003,324) | (42,688,109) | (30,475,030) | - | - | - | (4,064,280,235) |
| Interest Expenses | - | - | - | - | - | - | - | 810,426,751 |
| Interest Income | - | - | - | - | - | - | - | 73,451,576 |
| Profit / (Loss) Before Tax | - | - | - | - | - | - | - | (4,801,255,410) |
| Current Taxes-FBT / Wealth Tax | - | - | - | - | - | - | - | 7,771,357 |
| Deferred Tax | - | - | - | - | - | - | - | (2,068,534) |
| Short Provision in earlier years | - | - | - | - | - | - | - | - |
| Profit / (Loss) After Tax | - | - | - | - | - | - | - | (4,806,958,233) |

Notes to Consolidated Financial Statements for the year ended March 31,

(Currency: Indian Rupee)

| Description | DTH | Trading | Teleport Services | Subscriber Management Services | Transponder Services | Unallocated | Elimination | Total |
|---|------------------------|---------------------|---------------------|--------------------------------|----------------------|----------------|----------------------|------------------------|
| (b) Other Segment Information | | | | | | | | |
| Segment Assets | 17,219,808,954 | 62,116,351 | 329,479,035 | 961,898,719 | 2,952,117,924 | 3,436,357,842 | (3,547,480,780) | 21,414,298,045 |
| Segment Liabilities | 15,813,312,266 | 190,603,527 | 55,069,648 | 1,034,642,514 | 2,006,367,739 | 11,360,661,025 | (2,571,834,568) | 27,888,822,151 |
| Capital Expenditure | 5,651,239,592 | - | - | 390,862,809 | 9,004,549 | - | (10,636,172) | 6,040,470,778 |
| Depreciation / Amortisation | 2,119,868,049 | 4,568 | 34,206,789 | 134,519,428 | - | - | - | 2,288,598,834 |
| Non cash expenditure other than Depreciation / Amortisation | 9,197,276 | 1,357,536 | - | - | - | - | - | 10,554,812 |
| (a) Business Segment (Year ended March 31, 2008) | | | | | | | | |
| Segment Revenue | | | | | | | | |
| External Sales | 3,897,779,349 | 114,227,808 | 112,174,801 | 4,016,860 | - | - | - | 4,128,198,818 |
| Inter Segment Sales | | 23,066,896 | - | 569,802,799 | - | - | (592,869,695) | - |
| Total Revenue | 3,897,779,349 | 137,294,704 | 112,174,801 | 573,819,659 | - | - | (592,869,695) | 4,128,198,818 |
| Segment Results | (3,541,979,371) | (89,146,649) | (33,412,164) | (722,054) | - | - | - | (3,665,260,239) |
| Operating Profit / (Loss) before Interest & Tax | (3,541,979,371) | (89,146,649) | (33,412,164) | (722,054) | - | - | - | (3,665,260,239) |
| Interest Expenses | - | - | - | - | - | - | - | 534,150,955 |
| Interest Income | - | - | - | - | - | - | - | 65,404,457 |
| Profit / (Loss) Before Tax | - | - | - | - | - | - | - | (4,134,006,737) |
| Current Taxes-FBT / Wealth Tax | - | - | - | - | - | - | - | 6,142,968 |
| Deferred Tax | - | - | - | - | - | - | - | 1,027,949 |
| Short Provision in earlier years | - | - | - | - | - | - | - | 98,142 |
| Profit / (Loss) After Tax | - | - | - | - | - | - | - | (4,141,275,796) |
| (b) Other Segment Information | | | | | | | | |
| Segment Assets | 8,669,836,536 | 92,521,449 | 256,731,827 | 845,273,537 | 1,563,075,635 | 3,156,499,048 | (2,135,726,461) | 12,448,211,571 |
| Segment Liabilities | 11,341,742,311 | 184,139,938 | 7,528,124 | 872,017,589 | 643,006,091 | 5,301,492,292 | (1,191,216,421) | 17,158,709,924 |
| Capital Expenditure | 2,578,978,750 | - | - | 310,957,332 | 10,542,536 | - | - | 2,900,478,618 |
| Depreciation / Amortisation | 1,454,953,601 | 7,911 | 35,519,088 | 79,848,187 | - | - | - | 1,570,328,787 |
| Non cash expenditure other than Depreciation / Amortisation | 15,099,193 | - | - | - | - | - | - | 15,099,193 |

As per our attached report of even date

L.K. Shrishimal
Partner

 For and on behalf of
MGB & Co.
Chartered Accountants

 Place : Noida
Date : June 18, 2009

For and on behalf of Board

Jawahar Lal Goel
Managing Director

Rajeev K Dalmia
Chief Financial Officer

B D Narang
Director

Jagdish Patra
Company Secretary

Consolidated Cash Flow Statement for the year ended March 31,

| | 2009 | 2008 |
|--|------------------------|------------------------|
| (Currency: Indian Rupee) | | |
| A. CASH FLOW FROM OPERATING ACTIVITIES | | |
| Net Profit/(Loss) before taxation | (4,801,255,410) | (4,134,006,737) |
| Adjustments for : | | |
| Depreciation/Amortization | 2,288,598,834 | 1,570,328,787 |
| Loss on sale/discard of Fixed Assets | 9,197,276 | 15,099,193 |
| Profit on Sale of Fixed Assets | (81,987) | - |
| Profit on Redumption of units of Mutual Funds | - | (2,486,905) |
| Provision for Doubtful Debts | 1,357,536 | - |
| Exchange Adjustments (Net) | 101,441,388 | (3,454,762) |
| Interest Expenses | 810,426,751 | 534,150,955 |
| Interest Income | (73,451,576) | (65,404,457) |
| Operating Profit/(Loss) before working capital changes | (1,663,767,188) | (2,085,773,926) |
| Adjustments for: | | |
| (Increase)/Decrease in Inventories | 26,162,474 | (46,554,574) |
| (Increase)/Decrease in Trade and Other Receivables | (4,843,713,657) | (225,959,587) |
| Increase/(Decrease) in Trade and Other Payables | 4,177,164,083 | 3,053,583,581 |
| Cash Generated from Operations | (2,304,154,288) | 695,295,494 |
| Direct Taxes Paid (Net) | 24,492,510 | 25,581,923 |
| Net Cash Flow from Operating Activities | (2,328,646,798) | 669,713,571 |
| B. CASH FLOW FROM INVESTING ACTIVITIES | | |
| Purchases of Fixed Assets/ CWIP | (5,472,775,851) | (3,288,931,352) |
| Proceeds from Sale of Fixed Assets | 2,963,535 | 322,865 |
| Direct Taxes Paid for Investing purpose (Net) | (6,068,310) | (2,663,834) |
| Purchases of Investments | - | (650,000,000) |
| Proceeds from Sale of Investments | - | 652,486,905 |
| Loan given to Others | (581,935,040) | - |
| Loan Repaid by Others | 580,891,000 | 3,900,000 |
| Interest received | 9,264,610 | 9,599,355 |
| Net Cash Flow from Investing Activities | (5,467,660,056) | (3,275,286,061) |
| C. CASH FLOW FROM FINANCING ACTIVITIES | | |
| Interest Paid | (887,043,752) | (383,606,635) |
| Proceeds from Issue of Equity Share Capital including Securities Premium | 3,108,897,552 | - |
| Share Issue Expenses | (31,951,867) | - |
| Proceeds from Long Term Borrowing | 7,154,420,642 | 351,714,000 |
| Proceeds/(Repayment) of Vehicle Loan (Net) | 909,659 | (4,103,643) |
| Proceeds from Short Term Borrowing | 5,311,022,612 | 9,676,546,400 |
| Repayment of Short Term Borrowing | (6,566,095,714) | (6,651,300,000) |
| Net Cash Flow from Financing Activities | 8,090,159,132 | 2,989,250,122 |
| Net Cash Flow during the year (A+B+C) | 293,852,278 | 383,677,632 |
| Cash and Cash Equivalents at the beginning of the year | 511,450,026 | 127,772,394 |
| Cash and Cash Equivalents at the end of the year | 805,302,304 | 511,450,026 |
| Cash and Cash Equivalents at the end of the year comprises of : | | |
| Cash in Hand | 4,672,127 | 1,633,710 |
| Balances with Scheduled Banks in Current Accounts | 495,110,802 | 125,405,918 |
| Balances with Scheduled Banks in Short Term Deposit | 973,172 | 289,210,111 |
| Balances with Scheduled Banks in Fixed Deposit/Margin Accounts (Pledged/ under lien with banks and others) | 304,447,627 | 95,019,663 |
| Cheques in hand | 98,576 | 180,624 |
| Total Cash and Cash Equivalents | 805,302,304 | 511,450,026 |

Notes :

Previous year's figures have been regrouped, rearranged and recasted wherever considered necessary.

As per our attached report of even date

L.K. Shrishrimal
Partner

For and on behalf of
MGB & Co.
Chartered Accountants

Place : Noida
Date : June 18, 2009

For and on behalf of Board

Jawahar Lal Goel
Managing Director

Rajeev K Dalmia
Chief Financial Officer

B D Narang
Director

Jagdish Patra
Company Secretary

DISH TV INDIA LIMITED

Regd. Office: B-10, Essel House, Lawrence Road, Industrial Area, Delhi-110 035

ATTENDANCE SLIP

PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL.

Name and Address of Equity Shareholder (IN BLOCK LETTERS): _____

Name and Address of the Proxy (IN BLOCK LETTERS, to be filled in by the proxy attending instead of the Equity Shareholder): _____

I hereby record my presence at the 21st Annual General Meeting of the Company, convened on Monday, the 3rd day of August, 2009 at NCU Auditorium, 3, Siri Institutional Area, August Kranti Marg, New Delhi – 110 016 at 11:30 A.M.

Reg. Folio No : _____

DP ID No. : _____

Client ID No : _____

No. of Shares : _____

Signature of the Equity Shareholder / Proxy

NOTE: Equity Shareholders attending the Meeting in person or through Proxy are requested to complete the Attendance Slip and hand it over at the entrance of the meeting hall.



DISH TV INDIA LIMITED

Regd. Office: B-10, Essel House, Lawrence Road, Industrial Area, Delhi-110 035

FORM OF PROXY

I/We _____ of _____ being a member/members of Dish TV India Limited, hereby appoint _____

_____ of _____ failing him _____ of _____

_____ as my/our proxy to attend and vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on Monday, the 3rd day of August, 2009 at 11:30 A.M. at NCU Auditorium, 3, Siri Institutional Area, August Kranti Marg, New Delhi – 110 016 at 11:30 A.M. and/or at any adjournment(s) thereof.

Dated this _____ day of _____, 2009

Name: _____

Address: _____

Reg. Folio No : _____

DP ID No. : _____

Client ID No : _____

No. of Shares : _____

Affix Re. 1/-
Revenue
Stamp

Signature of Shareholder / Proxy

- Notes:
1. The Proxy Form must be deposited at the Registered Office of the Company at B-10, Essel House, Lawrence Road, Industrial Area, Delhi – 110 035 at least 48 hours before the time for holding the meeting. The proxy need not be a member of the Company.
 2. All alterations made in the Proxy Form should be initialed.
 3. In case of multiple proxies, proxy later in time shall be valid and accepted.

