

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, 2010 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. *No provision is made for the diminution in the value of investments (including advance share application money of Rs. 13,110.76 lacs as required by AS 13 "Accounting for investments" and impairment of assets of Rs. 2009.48 lacs as required by AS 28 "Impairment of assets". Had these adjustments made, loss for the year would have been higher by Rs. 15,120.24 lacs. However this loss is proposed to be adjusted against General Reserve as per the Composite Scheme of Amalgamation and Arrangement filed in the High Court as referred to in Note no. 24.*
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 account as required by law have been kept by the Company, so far as appears from our examination of those books;
- c) The Balance Sheet, 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 *except for para 4 above*;
- e) On the basis of written representations received from the directors, and taken on record by the Board, we report that none of the directors is disqualified as at March 31, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act;
- f) *Subject to comments at para 4 above*, and 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, 2010;
 - 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 behalf of
MGB & Co
Firm Registration No. 101169W
Chartered Accountants

Place : Noida
Dated : October 26, 2010

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, 2010.

- 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 discrepancies were noticed on such verification. In our opinion the frequency of 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. Therefore, clause 4(iii)(b), (c) and (d) of the Order are not applicable to the Company.
- b) The Company has not taken any loan, secured or unsecured from companies, firms or other parties covered in the register maintained under Section 301 of the Act. Therefore clause 4(iii)(f) and (g) of the Order are not applicable to the Company.
- iv. In our opinion and according to the information and explanations given to us, there is an 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, we have not observed any continuing failure to correct major weakness in the internal control system.
- 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 is prima facie reasonable having regard to the prevailing market prices (where such market price available) 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, Value Added Tax/Sales Tax, Wealth Tax, Customs 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, 2010 for a period of more than six months from the date they became payable *except Rs. 24.31 lacs payable under Central Sales Tax Act, 1956.*
 - b) According to the information and explanations given to us, there are no dues of Income Tax, Value Added Tax/Sales Tax, 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
Uttar Pradesh Entertainment & Betting Tax Act, 1979	Entertainment Tax	66.54	April 2006 to July 2009	Allahabad High Court
AP Value Added Tax Act, 2005	Value Added Tax including penalty and interest	344.47	March 2008 to September 2009	Andhra Pradesh High Court
UP Trade Tax Act	Value Added Tax	1.00	April 2006 to March 2007	Joint Commissioner (Appeals), Noida
UP Trade Tax Act	Value Added Tax	0.67	April 2005 to March 2006	Joint Commissioner (Appeals), Noida

- x. *The accumulated losses of the Company are more than fifty percent of its net worth at the end of the year. The Company has not incurred cash losses during the year however had incurred cash losses in the immediately preceding year.*
- xi. Based on our audit procedures and as per information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues including interest to Banks and Financial Institutions during the year considering reschedulement.
- 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. According to the information and explanations given to us, 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 the loans were raised, *except Rs. 17,327.12 lacs raised during the preceding financial year is not used for the purposes it was raised.*
- 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. The management has disclosed (at Note nos. 36 & 35) the end use of money raised through Global Depository Receipts issued during the year and proceeds of Rights issue made during the preceding financial year.
- 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
Partner
Membership No. 72664

For and behalf of
MGB & Co
Firm Registration No. 101169W
Chartered Accountants

Place : Noida
Dated : October 26, 2010

Balance Sheet as at March 31,

(Currency : Indian Rupee)

	Notes	2010	2009
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	2	1,062,070,492	687,297,599
Reserves and Surplus	3	15,282,337,772	2,792,321,328
		<u>16,344,408,264</u>	<u>3,479,618,927</u>
Loan Funds			
Secured Loans	4	3,627,770,795	2,696,204,935
Unsecured Loans	5	5,550,211,711	8,615,161,452
		<u>9,177,982,506</u>	<u>11,311,366,387</u>
TOTAL		<u><u>25,522,390,770</u></u>	<u><u>14,790,985,314</u></u>
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	6	16,976,908,146	13,122,759,845
Less : Depreciation/Amortization		6,826,373,857	4,316,329,372
Net Block		<u>10,150,534,289</u>	<u>8,806,430,473</u>
Capital Work in Progress		2,250,680,094	2,380,910,113
		<u>12,401,214,383</u>	<u>11,187,340,586</u>
Investments	7	2,505,565,728	944,510,040
Current Assets, Loans and Advances			
Inventories	8	27,799,312	30,933,149
Sundry Debtors	9	338,472,722	506,571,541
Cash and Bank Balances	10	5,422,248,010	540,370,438
Loans and Advances	11	8,045,454,942	7,743,892,419
		<u>13,833,974,986</u>	<u>8,821,767,547</u>
Less: Current Liabilities and Provisions	12		
Current Liabilities		15,503,946,853	15,843,430,347
Provisions		56,076,908	39,536,618
		<u>15,560,023,761</u>	<u>15,882,966,965</u>
Net Current Assets		<u>(1,726,048,775)</u>	<u>(7,061,199,418)</u>
Profit and Loss Account	13	12,341,659,434	9,720,334,106
TOTAL		<u><u>25,522,390,770</u></u>	<u><u>14,790,985,314</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

Membership No. 72664

For and on behalf of

MGB & Co

Firm Registration No. 101169W

Chartered Accountants

Place : Noida

Dated : October 26, 2010

For and on behalf of the Board

Jawahar Lal Goel

Managing Director

B D Narang

Director

Rajeev K Dalmia

Chief Financial Officer

Ranjit Singh

Company Secretary

Profit and Loss Account for the year ended March 31,

(Currency : Indian Rupee)

	Notes	2010	2009
INCOME			
Sales and Services	14	10,847,944,445	7,376,944,910
Other Income	15	53,128,054	12,720,981
		<u>10,901,072,499</u>	<u>7,389,665,891</u>
EXPENDITURE			
Cost of Traded Goods	16	23,083,581	143,020,734
Operating Expenses	17	7,007,060,797	5,263,396,655
Personnel Cost	18	398,540,196	393,832,148
Administration and Other Expenses	19	454,239,948	417,848,773
Selling and Distribution Expenses	20	2,018,272,737	2,509,176,837
Financial Expenses (Net)	21	583,435,161	1,263,817,888
Depreciation/Amortization	6	3,037,946,316	2,154,074,838
		<u>13,522,578,736</u>	<u>12,145,167,873</u>
Profit/(Loss) before Tax		(2,621,506,237)	(4,755,501,982)
Provision for Taxation - Current Tax		-	-
- Deferred Tax (Refer Note 27)		-	-
- Fringe Benefit Tax		-	7,200,000
- Wealth Tax		77,479	71,603
- Excess Provision in earlier years		(258,388)	-
Profit/(Loss) after Tax		(2,621,325,328)	(4,762,773,585)
Profit/(Loss) for the year carried over to Balance Sheet	13	<u>(2,621,325,328)</u>	<u>(4,762,773,585)</u>
Basic and Diluted Earnings Per Share calculated on share of Re. 1 each fully paid up (Refer Note 40)		(3.19)	(10.02)
The accompanying notes form an integral part of these financial statements			

As per our attached Report of even date

L. K. Shrishrimal

Partner

Membership No. 72664

For and on behalf of

MGB & Co

Firm Registration No. 101169W

Chartered Accountants

Place : Noida

Dated : October 26, 2010

For and on behalf of the Board

Jawahar Lal Goel

Managing Director

B D Narang

Director

Rajeev K Dalmia

Chief Financial Officer

Ranjit Singh

Company Secretary

Notes to Financial Statements as at March 31,

(Currency : Indian Rupee)

	2010	2009
2. SHARE CAPITAL		
Authorised		
1,350,000,000 (1,000,000,000) Equity Shares of Re. 1 each	<u>1,350,000,000</u>	<u>1,000,000,000</u>
Issued, Subscribed and Paid-up		
1,063,419,475 (946,372,395) Equity Shares of Re. 1 each fully paid up	<u>1,063,419,475</u>	687,297,599
Less: Calls in Arrear	<u>1,348,983</u>	-
TOTAL	<u><u>1,062,070,492</u></u>	<u><u>687,297,599</u></u>

Note:

- i) Of 1,063,419,475 Equity Shares as at March 31, 2010:
 - a) 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 made effective on April 01, 2006.
 - b) 12,080 Equity Shares were issued during the year to employees under Employee Stock Option Plan i.e. ESOP 2007.
 - c) 117,035,000 (NIL) equity shares of Re 1 each fully paid up have been issued during the year, underlying 117,035 nos. of Global Depository Receipts (GDR). Each GDR represents 1,000 Equity Shares of Re 1 each.
- ii) Of 946,372,395 Equity Shares as at March 31, 2009:

Represent 428,222,803 Equity Shares of Re. 1 each fully paid up and 518,149,592 Equity Shares of Re. 1 each partly paid up of Re 0.50 per Equity Share.
- iii) Refer Note 35 and 36 for Rights Issue and GDR Issue details.

	2010	2009
3. RESERVES AND SURPLUS		
Securities Premium (Refer Note 35 and 36)		
As per Last Balance Sheet	<u>2,792,321,328</u>	-
Add: Received during the year	<u>12,530,899,727</u>	2,849,822,756
	<u>15,323,221,055</u>	2,849,822,756
Less: Rights Issue/ GDR Issue Expenses	<u>40,883,283</u>	57,501,428
	<u>15,282,337,772</u>	2,792,321,328
General Reserves		
As per Last Balance Sheet *	<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
	-	-
*As per Scheme of Arrangement made effective on April 01, 2006		
TOTAL	<u><u>15,282,337,772</u></u>	<u><u>2,792,321,328</u></u>
4. SECURED LOANS		
(For Security and other details Refer Note 25)		
Term Loan from Banks	<u>3,590,700,000</u>	2,590,700,000
Cash Credit from Bank	-	74,604,622
Vehicle Loan	<u>3,571,669</u>	3,227,266
Interest accrued and due	<u>33,499,126</u>	27,673,047
TOTAL	<u><u>3,627,770,795</u></u>	<u><u>2,696,204,935</u></u>

Notes to Financial Statements as at March 31,

(Currency : Indian Rupee)

5. UNSECURED LOANS (Refer Note 26)

	2010	2009
Term Loan from Bank	3,000,000,000	3,000,000,000
Buyer's Credit from Bank	2,517,694,577	2,163,024,160
Short Term Loan from Bank	-	1,000,000,000
Inter Corporate Deposit	-	2,438,218,875
Interest accrued and due	32,517,134	13,918,417
TOTAL	5,550,211,711	8,615,161,452

6. FIXED ASSETS (At Cost)

Particulars	GROSS BLOCK				DEPRECIATION / AMORTIZATION				NET BLOCK	
	As at April 1, 2009	Additions	Sale/ Adjustment	As at March 31, 2010	Up to April 1, 2009	For the year	Sale/ Adjustment	Up to March 31, 2010	As at March 31, 2010	As at March 31, 2009
Intangible Assets										
Goodwill	451,177,637	-	-	451,177,637	203,029,936	90,235,527	-	293,265,463	157,912,174	248,147,701
License fees	117,362,250	-	-	117,362,250	57,604,338	13,472,450	-	71,076,788	46,285,462	59,757,912
Software	193,620,411	21,190,351	-	214,810,762	107,122,910	32,668,187	-	139,791,097	75,019,665	86,497,501
Total (A)	762,160,298	21,190,351	-	783,350,649	367,757,184	136,376,164	-	504,133,348	279,217,301	394,403,114
Tangible Assets										
Plant and Machinery	878,860,718	544,936,750	-	1,423,797,468	303,085,256	155,794,924	-	458,880,180	964,917,288	575,775,462
Consumer Premises										
Equipments	11,379,394,284	4,077,079,752	800,552,713	14,655,921,323	3,611,700,244	2,732,087,582	527,374,452	5,816,413,374	8,839,507,949	7,767,694,040
Computers	53,724,179	4,925,666	-	58,649,845	17,209,389	8,453,319	-	25,662,708	32,987,137	36,514,790
Office Equipments	11,848,475	1,845,084	44,980	13,648,579	1,849,014	709,716	1,998	2,556,732	11,091,847	9,999,461
Furniture and Fixtures	7,761,393	994,060	-	8,755,453	2,253,761	834,688	-	3,088,449	5,667,004	5,507,632
Vehicles	21,381,421	5,461,547	1,867,036	24,975,932	6,190,325	2,334,785	525,381	7,999,729	16,976,203	15,191,096
Leasehold Improvements	7,629,077	179,820	-	7,808,897	6,284,199	1,355,138	-	7,639,337	169,560	1,344,878
Total (B)	12,360,599,547	4,635,422,679	802,464,729	16,193,557,497	3,948,572,188	2,901,570,152	527,901,831	6,322,240,509	9,871,316,988	8,412,027,359
Total (A+B)	13,122,759,845	4,656,613,030	802,464,729	16,976,908,146	4,316,329,372	3,037,946,316	527,901,831	6,826,373,857	10,150,534,289	8,806,430,473
Previous Year	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	8,806,430,473	

Note:

- Refer Note 33 for details of assets given on Operating Lease and assets taken on Finance Lease.
- Refer Note 30.10.1 for foreign currency exchange difference capitalised/decapitalised during the year.

7. INVESTMENTS

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%) 124,705,440 124,705,440

50,000 Equity Shares of Rs. 10 each fully paid up of Integrated Subscribers Management Services Limited (Wholly owned) 500,000 500,000

94,401,004 Equity Shares of Rs. 10 each fully paid up of Agrani Satellite Services Limited (Wholly owned) 944,010,040 944,010,040

Short Term - Unquoted

Mutual Fund # (Refer Note 28) 1,561,055,688 -
(Net Assets Value Rs. 1,565,478,734)

Less: Provision for diminution in the value

TOTAL **2,630,271,168** **1,069,215,480**

Aggregate Book value of unquoted investments

Includes Rs. 1,310,000,000 out of Rights Issue and Rs. 250,000,000 out of GDR Issue proceeds (Refer Note 35 and 36)

	2010	2009
12,470,544 Equity Shares of Rs. 10 each fully paid up of Agrani Convergence Limited (Extent of holding 51%)	124,705,440	124,705,440
50,000 Equity Shares of Rs. 10 each fully paid up of Integrated Subscribers Management Services Limited (Wholly owned)	500,000	500,000
94,401,004 Equity Shares of Rs. 10 each fully paid up of Agrani Satellite Services Limited (Wholly owned)	944,010,040	944,010,040
Short Term - Unquoted		
Mutual Fund # (Refer Note 28)	1,561,055,688	-
(Net Assets Value Rs. 1,565,478,734)		
TOTAL	2,630,271,168	1,069,215,480
Less: Provision for diminution in the value	124,705,440	124,705,440
TOTAL	2,505,565,728	944,510,040
Aggregate Book value of unquoted investments	2,505,565,728	944,510,040

Notes to Financial Statements as at March 31,

(Currency : Indian Rupee)

	2010	2009
8. INVENTORIES		
(As taken, valued and certified by the management)		
Stock in Trade (CPE & Accessories)	27,799,312	30,933,149
TOTAL	<u>27,799,312</u>	<u>30,933,149</u>
9. SUNDRY DEBTORS		
(Unsecured, considered good unless otherwise stated)		
More than Six Months [Includes doubtful Rs. 9,668,744 (Rs. 18,684,042)]	146,215,559	362,412,058
Others [Includes doubtful Rs. 9,982,526 (Rs. Nil)]	211,908,433	162,843,525
	<u>358,123,992</u>	<u>525,255,583</u>
Less: Provision for Doubtful Debts	19,651,270	18,684,042
TOTAL	<u>338,472,722</u>	<u>506,571,541</u>
10. CASH AND BANK BALANCES		
Cash in Hand	2,541,306	4,469,835
Balances with Scheduled Banks :		
In Current Account in Indian Rupees #	2,873,146,788	243,412,046
In Current Account in Foreign Currency *	4,654,050	-
In Fixed Deposit/Margin Account (Pledged/ under lien with banks and others)	380,366,319	292,389,981
Balances with Non-Scheduled Banks : * (Refer Note 30.11)		
In Current Account in Foreign Currency	130,904,330	-
In Fixed Deposit in Foreign Currency	2,029,558,944	-
Cheques in Hand	1,076,273	98,576
TOTAL	<u>5,422,248,010</u>	<u>540,370,438</u>
* Includes unutilised proceeds of GDR Issue (Refer Note 36)		
# includes Rs. 5,482,761 against Share Call Money		
11. LOANS AND ADVANCES (Refer Note 30.4)		
(Unsecured, considered good unless otherwise stated)		
Loans	1,025,766,183	957,267,575
Loans and advance to subsidiary companies	3,199,422,575	2,570,907,873
Advances:		
Indirect Taxes	932,452,344	722,517,099
Direct Taxes (net of provisions)	49,942,173	36,779,474
Other Advances*	1,902,047,141	4,500,739,063
Deposit with Financial Institution (Refer Note 30.12)	2,000,000,000	-
Deposits	161,867,835	181,724,644
	<u>9,271,498,251</u>	<u>8,969,935,728</u>
Less: *Provision for Doubtful Advances	1,226,043,309	1,226,043,309
TOTAL	<u>8,045,454,942</u>	<u>7,743,892,419</u>

Notes to Financial Statements as at March 31,

(Currency : Indian Rupee)

	2010	2009
12. CURRENT LIABILITIES AND PROVISIONS		
Current Liabilities (Refer Note 30.2)		
Creditors for Goods	763,642,873	870,789,591
Creditors for Expenses and Other Liabilities (Refer Note 30.5)	5,063,153,228	6,425,976,888
Liability under Finance Lease (Refer Note 33.2)	1,256,712,340	-
Advances/Deposits Received	8,392,997,190	8,532,210,514
Share Call Money	5,482,761	-
Interest Accrued but not due	21,958,461	14,453,354
	<u>15,503,946,853</u>	<u>15,843,430,347</u>
Provisions		
For Taxation (net of advances)	77,479	131,697
For Retirement Benefits	55,999,429	39,404,921
	<u>56,076,908</u>	<u>39,536,618</u>
TOTAL	<u>15,560,023,761</u>	<u>15,882,966,965</u>
13. PROFIT AND LOSS ACCOUNT		
Balance as per last Balance Sheet	11,416,190,904	6,650,861,299
Add: Adjustment pursuant to adoption of option granted under AS-11 (Refer Note 30.10.2)	-	2,556,020
Add: Loss for the year transferred from Profit and Loss account	2,621,325,328	4,762,773,585
	<u>14,037,516,232</u>	<u>11,416,190,904</u>
Less: Adjusted against General Reserve per contra	1,695,856,798	1,695,856,798
TOTAL	<u>12,341,659,434</u>	<u>9,720,334,106</u>

Notes to Financial Statements for the year ended March 31,

(Currency : Indian Rupee)

	2010	2009
14. SALES AND SERVICES		
Income from DTH Subscribers :		
Subscription Revenue	8,352,918,277	5,897,360,176
Lease Rentals	1,500,742,489	1,007,177,287
Other Operating Income	19,694,129	1,776,835
Teleport Services	168,044,661	133,063,394
HITS Services	624,073,729	-
Bandwidth Charges	158,681,781	242,236,743
Sales-CPE, Accessories and Others	23,789,379	95,330,475
TOTAL	10,847,944,445	7,376,944,910
15. OTHER INCOME		
Exchange Difference (Net)	44,207,583	-
Profit on redemption of units of Mutual Funds	1,413,550	-
Other Income	7,506,921	12,720,981
TOTAL	53,128,054	12,720,981
16. COST OF TRADED GOODS		
Opening Stock	30,933,149	47,121,761
Purchases	19,949,744	126,832,122
	50,882,893	173,953,883
Less: Closing Stock	27,799,312	30,933,149
TOTAL	23,083,581	143,020,734
17. OPERATING EXPENSES		
Transponder Lease	961,699,706	477,304,543
License Fees	1,095,525,824	745,617,013
Uplink Charges	110,549,473	89,746,010
Programming and Other Costs	4,581,256,721	3,771,096,236
Entertainment Tax	258,029,073	178,494,721
Other Operating Charges	-	1,138,132
TOTAL	7,007,060,797	5,263,396,655
18. PERSONNEL COST		
Salary, Bonus and Allowances	360,330,419	352,993,682
Contribution to Provident and Other Funds	23,336,770	20,987,821
Staff Welfare	13,391,660	13,095,485
Recruitment and Training Expenses	1,481,347	6,755,160
TOTAL	398,540,196	393,832,148

Notes to Financial Statements for the year ended March 31,

(Currency : Indian Rupee)

	2010	2009
19. ADMINISTRATION AND OTHER EXPENSES		
Rent	39,677,556	39,914,124
Rates and Taxes	9,904,914	6,373,743
Electricity Charges	21,293,693	21,447,776
Insurance	807,255	5,197,659
Repairs and Maintenance - Plant and Machinery	7,037,597	13,494,075
- Building	3,297,912	2,929,235
- Others	3,592,450	6,393,097
Vehicles Expenses	1,587,151	2,028,335
Legal and Professional Fees	69,527,092	50,424,999
Director Sitting Fees	765,000	500,000
Printing and Stationary	33,373,022	29,848,836
Communication Expenses	26,450,955	36,722,162
Travelling and Conveyance	42,803,974	53,624,904
Miscellaneous Expenses	5,783,331	16,470,179
Balance Written Off (Net)	2,924,090	-
Service and Hire Charges	24,565,613	31,505,547
Freight, Cartage and Demurrage	69,905,862	88,588,303
Bad Debts	9,812,632	
Less: Transfer from Provision for Bad Debts	7,881,159	
Provision for Doubtful Debts	8,848,387	-
Loss on sale/ discard of Fixed Assets	80,162,621	9,197,276
TOTAL	454,239,948	417,848,773
20 SELLING AND DISTRIBUTION EXPENSES		
Advertisement and Publicity Expenses	752,071,541	897,828,222
Business Promotion Expenses	17,447,179	21,454,480
Commission	943,199,127	1,126,323,468
Customer Support Service	305,554,890	463,570,667
TOTAL	2,018,272,737	2,509,176,837
21. FINANCIAL EXPENSES (NET)		
Interest on:		
- Fixed Loan	905,487,184	418,296,157
- Others	217,731,382	392,124,197
	1,123,218,566	810,420,354
Less : Interest Received (Gross)	632,943,242	83,410,511
[TDS Rs. 12,637,233 (Rs. 3,924,539)]		
	490,275,324	727,009,843
Exchange Difference (Net)	-	244,361,235
Bank and Other Financial Charges	93,159,837	292,446,810
TOTAL	583,435,161	1,263,817,888

Notes to Financial Statements for the year ended March 31, 2010

(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 Rental 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:

Investments intended to be held for more than one year from the date of acquisition are classified as long term investments 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.

(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.

Notes to Financial Statements for the year ended March 31, 2010

(Currency : Indian Rupee)

(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 obligations 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. 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.

Notes to Financial Statements for the year ended March 31, 2010

(Currency : Indian Rupee)

(l) Rights/ Global Depository Receipts (GDR) Issue Expenses:

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

(m) Leases:

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.

Finance Lease

Assets acquired under finance lease and lease under which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Such assets acquired are capitalized at fair value of the asset or present value of the minimum lease payments at the inception of the lease, whichever is lower. Initial cost incurred in connection with the specific leasing activities directly attributable to activities performed by the Company is included as part of the amount recognized as an asset under the lease. Finance charges are recognized as an expense in the Profit and Loss account.

(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, 2010

(Currency : Indian Rupee)

22. Background

Dish TV India Limited is having registered office 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. Composite Scheme of Amalgamation and Arrangement (The Scheme)

Agrani Satellite Services Limited (ASSL), wholly owned subsidiary of Dish TV, was formed to own, establish and operate Ku band satellite system and to market and lease their bandwidth capacities. However, due to unfavorable market conditions, the satellite business is discontinued. Integrated Subscribers Management Services Limited (ISMSL), another wholly owned subsidiary of Dish TV, is in the business of providing services on commercial basis pertaining to subscriber's management including raising and collection of bills, collection and maintenance of subscriber's information, preparation of required report and call centre activities. In order to simplify the group structure and improve cost efficiency; the board of directors has approved the Scheme, wherein the Non-DTH related business (including equity shares in ASSL and Agrani Convergence Limited) of the Company is transferred to ISMSL followed by the merger of ASSL with ISMSL.

In terms of Composite Scheme of Amalgamation and Arrangement between the Company, Agrani Satellite Services Limited ('ASSL') Integrated Subscriber Management Services Limited ('ISMSL') and their respective shareholders and creditors ('Scheme'), it is proposed to demerge Non-DTH business of the Company into ISMSL, followed by merger of ASSL with ISMSL on appointed date i.e. March 31, 2010. In consideration of transfer of Non-DTH related business, ISMSL will issue and allot 1,00,000 equity shares of face value of Rs. 10 each to Dish TV.

The Scheme of Arrangement is subject to requisite consent, approval of the shareholders and creditors of the companies, the Hon'ble High Court of Judicature at Delhi and other statutory and regulatory authorities. The Scheme of Amalgamation and Arrangement under Section 391-394 of the Companies Act, 1956 has been filed with the Hon'ble High Court of Judicature at Delhi and is pending approval. Pending approval, no effect of the Scheme is considered in these financial statements.

Upon The Scheme becoming effective, the Company shall transfer the whole of the undertaking with assets and liabilities as on March 31, 2010 of the Non-DTH Business to ISMSL. The difference between the book value and the assets to be transferred and allotment of shares by ISMSL shall be transferred to General Reserve as under:

Particulars	Amount (Rs.)
Fixed Assets	432,447,828
Investments in ASSL	944,010,040
Advance including Share Application	367,066,075
Investments in ACL	124,705,440
Advance given	1,208,430,395
Total Assets	3,076,659,778
Less: Liabilities	
Provision for doubtful advances	1,208,430,395
Provision for diminution in the value of Investment	124,705,440
Security Deposits Received	231,500,000
Total Liabilities	1,564,635,835
Consideration to be received	
Allotment of shares by ISMSL	1,000,000
Net Loss on Business Restructuring to be Transferred to General Reserve as per The Scheme	1,511,023,943

Notes to Financial Statements for the year ended March 31, 2010

(Currency : Indian Rupee)

25. SECURED LOANS

- 25.1 Term Loan from banks Rs. 2,590,700,000 (Rs. 2,590,700,000) 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 direct to home services, 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 direct to home service business, 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.
- 25.2 Term Loan from a bank Rs. 1,000,000,000 (NIL) is secured by subservient hypothecation charge on whole of current assets, movable and immovable fixed assets of the company (present and future) and unconditional and irrevocable corporate guarantee by a related party. (Amount repayable within a year Rs. 375,000,000).
- 25.3 Cash Credit of Rs. Nil (Rs. 74,604,622) 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. 1,456,895).

26. Unsecured Loans

- 26.1 Buyer's credit from a bank Rs. 1,348,647,896 (Rs. 1,475,853,910) is guaranteed by a related party (Amount repayable within a year Rs. 546,717,624).
- 26.2 Buyer's credit from a bank of Rs. 1,169,046,681 (Rs. 687,170,250) 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, which is guaranteed by a related party.
- 26.3 Term Loan from a bank Rs. 3,000,000,000 (Rs. 3,000,000,000) is guaranteed by two directors and also 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 (Amount repayable within a year Rs. 900,000,000). Subsequent to balance sheet date, the loan is secured by second pari passu charge on entire fixed assets of the company.
- 26.4 Short Term Loan from bank Rs. Nil (Rs. 1,000,000,000) is guaranteed by a related party.

27. Taxes on Income

- 27.1 In the absence of taxable income as per Income Tax Act, 1961 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 recognized. The same will be reassessed at a subsequent Balance Sheet date and will be recognised in the year when certainty / virtual certainty to be realized.

Notes to Financial Statements for the year ended March 31, 2010

(Currency : Indian Rupee)

28. Investments

28.1 Following Investments were bought and sold during the year:

Sr. No.	Name of Fund/Plan	Face Value of each unit (Rs.)	Purchased during the year		Sale/ Redemption during the year	
			Units	Amount	Units	Amount
1	Reliance Liquid Fund-Treasury plan-Institutional option-Growth option-Growth Plan	10	145,648,940.7450	3,260,032,723	145,648,940.7450	3,260,502,722
2	Reliance Money Manager Fund-Institutional option-Growth plan	1000	992,042.3890	1,239,429,905	992,042.3890	1,240,267,677
3	DSP BlackRock Cash Manager Fund-Growth	1000	215,128.3230	250,000,000	215,128.3230	250,083,707
4	SBI-Magnum insta cash fund- Cash option	20	12,263,017.1928	250,000,000	12,263,017.1928	250,022,073

28.2 Balances in mutual funds as on March 31, 2010 are as follows:

Particulars	Face value	Balance as at 31 March 2010	
		No. of Units	Total Purchase Cost
Reliance Money Manager Fund-Institutional option-Growth plan	1000	951,918.5930	1,191,033,615
DSP BlackRock Floating Rate Fund-IP-Growth	1000	90,501.8530	120,000,000
SBI -SHDF-Short Term-IP-Growth	10	23,600,569.5190	250,022,073
Total			1,561,055,688

29. Fixed Assets and Capital Work-in-Progress

29.1 Capital Work in Progress comprises of equipments [including consumer premises equipment (CPE)] Rs. 1,940,585,528 (Rs. 1,801,948,889), capital goods in transit Rs. 241,002,460 (Rs. 468,421,511) and capital advances Rs. 69,092,106 (Rs. 110,539,713).

29.2 The Company has commissioned its facility namely "Headend In The Sky" (HITS) on April 1, 2009 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. The company has suspended its operations with effect from March 31, 2010. The fixed assets including capital work in progress of the HITS along with security deposits received are proposed to be transferred to its wholly owned subsidiary pursuant to the Scheme (Refer Note 24).

Notes to Financial Statements for the year ended March 31, 2010

(Currency : Indian Rupee)

Particulars	2010	2009
Opening Balance	482,319,683	-
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
	482,319,683	483,568,998
Less: Revenue received during trial run period	-	1,249,315
Total	482,319,683	482,319,683
Less: Capitalized to fixed assets	482,319,683	-
Balance	-	482,319,683

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.
- 30.2 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.
- 30.3 Prior period income and expenses included in the respective heads are as under:

Particulars	2010	2009
A) Income		
Interest Income	22,849,593	8,053,946
Total Income	22,849,593	8,053,946
B) Expenses		
Electricity Charges	7,825	-
Communication Expenses	428	7,376
Miscellaneous Expenses	-	9,652,586
Advertisement and Publicity Expenses	-	2,902,237
Commission	1,314,379	89,247
Traveling and Conveyance	29,316	60,778
Repairs and Maintenance-Plant and Machinery	-	544
Interest	-	1,661,705
Freight, Cartage and Demurrage	72,700	5,847
Legal and Professional Fee	17,500	3,637
Rates and Taxes	46,336	52,842
Business Promotion Expenses	36,400	52,459
Depreciation / Amortization	45,172	-
Total Expenses	1,570,056	14,489,258
Net Income/(Expense) (A-B)	21,279,537	(6,435,312)

Notes to Financial Statements for the year ended March 31, 2010

(Currency : Indian Rupee)

30.4 Loans and Advances

- 30.4.1 Loans and Advances to subsidiaries includes advance against share application money Rs. 865,665,043 (Rs. 630,003,231).
- 30.4.2 Other Advances includes Rs. 1,208,430,395 (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.
- 30.4.3 Loans includes Rs. 1,025,766,183 (Rs. 957,267,575) and Other Advances includes Rs. 240,018,763 (Rs. 216,317,469) are overdue. However, in the opinion of the management these amounts are recoverable.
- 30.4.4 Other Advances includes interest accrued Rs. 6,757,457 (Rs. 3,300,376).

30.5 Creditors for Expenses and Other Liabilities

- 30.5.1 Includes Rs. 925,164 (Rs. 926, 694) due to a Subsidiary Company.
- 30.5.2 Includes cheque overdrawn Rs. NIL (Rs.128,441,287).

30.6 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.

Particulars	2010	2009
Salary and Allowances	5,536,123	5,181,000
Contribution to Provident Fund	311,845	288,000
Perquisites	739,064	705,000
Total	6,587,032	6,174,000

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

30.7 Auditors Remunerations (Included in Legal and Professional Fees)

Particulars (excluding service tax)	2010	2009
Audit Fees	1,600,000	1,200,000
Tax Audit Fees	450,000	300,000
Certification, tax representation and other matters	2,647,419	1,647,233
Total	4,697,419	3,147,233*

* exclude Rs. 750,000 Certification for Rights Issue grouped in rights issue expenses.

30.8 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.

Notes to Financial Statements for the year ended March 31, 2010

(Currency : Indian Rupee)

The Shareholders in their meeting held on August 28, 2008 have approved the re-pricing of outstanding options. 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 account of rights issue as there was no material impact on options 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		Lot 4	Lot 5
	2009-2010	2008-09	2007-08	2009-10	2008-09	2009-10	2008-09	2009-10	2009-10
Date of grant	August 21, 2007			April 24, 2008		August 28, 2008		May 28, 2009	October 27, 2009
Number of options granted	3,073,050			184,500		30,000		589,200	160,900
Market value on the date of grant (Rs.) (per share)	75.20	75.20	75.20	63.95	63.95	37.55	37.55	47.65	41.45
Exercise price (Rs.) (per share)	37.55	37.55	75.20	37.55	37.55	37.55	37.55	47.65	41.45
Re-pricing (Rs.) (per share)	37.55	37.55	37.55	37.55	37.55	-	-	-	-
Options outstanding at the beginning of the year (Nos.)	1,436,550	2,926,150	-	-	-	30,000	-	-	-
Add: Options granted (Nos.)	-	-	3,073,050	-	184,500	-	30,000	589,200	160,900
Less: Options exercised (Nos.)	12,080	-	-	-	-	-	-	-	-
Options cancelled (Nos.)	-	-	-	-	-	-	-	-	-
Options lapsed (Nos.)	18,120	1,489,600	146,900	-	184,500	-	-	132,150	-
Options forfeited (Nos.)	-	-	-	-	-	-	-	-	-
Options expired (Nos.)	-	-	-	-	-	-	-	-	-
Options outstanding at the year end (Nos.)	1,406,350	1,436,550	2,926,150	-	-	30,000	30,000	457,050	160,900

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.

30.9 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.

Notes to Financial Statements for the year ended March 31, 2010

(Currency : Indian Rupee)

30.9.1 The reconciliation of opening and closing balances of the present value of the defined obligation as at March 31,

Particulars	2010		2009	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Obligation at the year beginning	20,192,912	19,212,009	8,867,927	11,933,184
Service Cost	10,009,741	9,832,220	8,235,715	9,417,926
Interest Cost	1,615,433	1,536,961	709,434	954,655
Actuarial (Gain)/Loss	(707,605)	(1,617,971)	2,455,557	2,173,321
Employers Contribution	(80,339)	(3,993,932)	(75,721)	(5,267,077)
Obligation at the year end	31,030,142	24,969,287	20,192,912	19,212,009

30.9.2 Cost for the year :

Particulars	2010		2009	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Service Cost	10,009,741	9,832,220	8,235,715	9,417,926
Interest Cost	1,615,433	1,536,961	709,434	954,655
Net actuarial (gain)/loss	(707,605)	(1,617,971)	2,455,557	2,173,321
Net cost	10,917,569	9,751,210	11,400,706	12,545,902

30.9.3 Actuarial assumptions used :

Particulars	2010		2009	
	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

B) Defined Contribution Plan:

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

30.10 Foreign Currency Transaction:

30.10.1 The foreign exchange gain (net) of Rs. 44,207,583 [loss (net) of Rs. 244,361,235] resulting from settlement and realignment of foreign exchange transaction has been adjusted to Profit and Loss Account. Foreign currency exchange gain of Rs. 245,009,386 is decapitalized (Rs. 146,851,075 is capitalized) under fixed assets and Rs. 1,453,273 decapitalized (Rs. 16,909,146 is Capitalized) under capital work in progress as explained below in Note 30.10.2.

30.10.2 The Company in the year ended March 31, 2009 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 in the current year the Company has decapitalized exchange gain of Rs. 246,462,659 (In previous year 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.

Notes to Financial Statements for the year ended March 31, 2010

(Currency : Indian Rupee)

- 30.10.3 a) The Company has entered into currency and Interest swap transaction in respect of borrowing of US\$ 9,301,500 (US\$ 9,301,500) 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	2010			2009		
	Value in USD \$	Value in GBP	Equivalent to INR	Value in USD \$	Value in GBP	Equivalent to INR
Bank Balances	47,964,495	-	2,165,117,321	-	-	-
Receivables	2,214,232	-	99,950,452	964,126	-	48,566,439
Payables	55,236,084	-	2,493,349,336	48,868,092	19,325	2,521,564,713

- 30.11 Details of Bank Balances as on Balance sheet date with Non-scheduled banks:

Name of the Bank	2010		2009	
	Balance outstanding	Maximum balance during the year	Balance outstanding	Maximum balance during the year
In Current account				
Credit Suisse (UK) Limited-Singapore	130,904,330	451,400,000	-	-
In Fixed Deposit				
Credit Suisse (UK) Limited-Singapore	451,429,822	451,429,822	-	-
RBS Coutts Bank Limited-Singapore	1,578,129,122	1,579,933,240	-	-

- 30.12 Deposit with financial institution Rs. 2,000,000,000 (NIL) represents deposit with SICOM Limited, which is deposited out of Rights Issue proceeds. Maximum outstanding during the year Rs. 2,000,000,000 (NIL).
- 30.13 Debit and Credit balances including of subscribers, distributors and dealers are subject to confirmation/reconciliation and few have confirm balances.
- 30.14 A subsidiary of the company has paid remuneration Rs. 1,050,000 to a relative of directors, which is subject to approval of shareholders in the ensuing annual general meeting.

30.15 Financial Statements of Subsidiaries

The Ministry of Corporate Affairs, Government of India vide its order no.47/116/2010-CL-III dated 18th March, 2010 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 Order, key details of each subsidiary are attached along with statements under Section 212 (1) of the Act.

- 30.16 The Ministry of Corporate Affairs, Government of India vide letter dated July 30, 2010 has granted extension of three months to hold its annual general meeting.

31. Capital Commitment

Estimated amount of contract remaining to be executed on capital account and not provided for (Net of advance) is Rs. 325,392,762 (Rs. 1,381,819,989).

Notes to Financial Statements for the year ended March 31, 2010

(Currency : Indian Rupee)

32. Contingent Liability not provided for

32.1

Particulars	2010	2009
Guarantees given by Banks [includes Rs. 400,000,000 (Rs. 488,860,000) guaranteed by a related party]	400,455,000	5,02,615,000
Claim against the Company not acknowledged as debt	43,577,609	43,999,609
Sales Tax and Value Added Tax demands	89,864,314	33,734,094
Entertainment Tax demand	101,520,074	91,995,090
Legal cases against the Company	Unascertained	Unascertained

32.2 Service Tax Department has raised a demand of Rs. 668,271,072 (Rs. 669,438,287) for the period from June, 2005 to September, 2007. The Company has submitted its reply.

32.3 The Company entered into an agreement with its wholly owned subsidiary Agrani Satellite Services Limited (ASSL) for transponder capacity hiring. ASSL had entered into a satellite capacity agreement with a supplier for obtaining transponder capacity on a satellite to be launched. The Company provided a corporate guarantee to the supplier for utilizing the proposed transponder capacity and also to ensure due compliance of agreement between ASSL and the supplier. However, as the supplier failed to meet various obligations under the agreement, ASSL terminated the agreement.

The supplier disputed the said termination and initiated arbitration proceedings against ASSL in ICC International Court of Arbitration at Singapore by filing its claim of USD 190,630,000. This is contested by ASSL. Subsequent to the balance sheet date, both the parties have reached an amicable settlement and consequently, the arbitral proceeding shall be terminated in due course.

32.4 The Company had acquired transponder capacity for the HITS services under Transponder Capacity Agreement. Due to change in the government policy, the company terminated the Transponder Capacity Agreement with supplier under Force Majeure condition. The supplier claimed damages of USD 15,806,802.28. However, subsequent to the balance sheet, the company and supplier have settled the dispute under which both the parties will be released of all the liabilities. Formal settlement agreement is yet to be executed by the parties.

33. Leases

33.1 Operating Lease

33.1.1 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 51 months. The details of assets taken on operating lease during the year are as under:

Particulars	2010	2009
Lease rental charges for the year (net of shared cost)	1,111,926,735	606,944,447
Lease rental charges capitalized for the year	-	464,799,425
Sub-lease payment received	115,808,590	85,899,947
Future Lease Rental obligation payable (under non-cancelable lease)		
Not later than one year	1,138,492	374,684,107
Later than one year but not later than five years	1,237,434	334,848,848
More than five years	-	-

Notes to Financial Statements for the year ended March 31, 2010

(Currency : Indian Rupee)

33.1.2 In respect of assets given under operating lease:

The Company has leased out assets by way of operating lease and as on March 31, 2010 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. 1,500,742,489 (Rs. 1,007,177,287).

Particulars	2010	2009
Gross Value of the Assets	14,674,925,973	11,398,398,934
Accumulated Depreciation	5,828,203,859	3,621,525,649
Depreciation for the year	2,734,052,663	1,905,842,388
Future Lease Rental Receivable (under non-cancelable lease)		
Not later than one year	1,617,523,940	1,273,653,699
Later than one year but not later than five years	1,578,358,773	2,146,323,077
More than five years	-	-

33.2 Finance Lease:

33.2.1 The Company acquired assets on Finance Lease which have been accounted as per Accounting Standard 19 'Leases'. Minimum Lease payments under this Lease as at March 31, 2010 and their present value is as under:

Particulars	2010	2009
Minimum Lease Payments		
Not Later than one year	341,751,540	-
Later than one year and not later than five years	1,341,020,466	-
Total Minimum Lease payments	1,682,772,006	-
Less: Amount representing future interest	426,059,666	-
Present value of Minimum Lease payments	1,256,712,340	-

33.2.2 The details of assets (Consumer Premises Equipments) taken on finance lease are as under:

Particulars	2010	2009
a) Fixed Assets		
Gross Block of assets	582,942,170	-
Accumulated Depreciation	9,134,524	-
Written down value	573,807,646	-
Depreciation for the year	9,134,524	-
b) Capital work in progress	925,717,013	-

34. Borrowing Cost amounting to Rs. 3,779,976 (Rs. 8,651,696) has been capitalized to the cost of fixed assets/capital work in progress during the year.

35. Rights Issue:

35.1 The Company during the financial year ended March 31, 2009 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 were as under:

Notes to Financial Statements for the year ended March 31, 2010

(Currency : Indian Rupee)

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)	Date of making the Call
On Application	6.00	0.50	5.50	3,108,897,552	Along with application	N.A
On First Call	8.00	0.25	7.75	4,145,196,736	After 3 months but within 9 months	The Board at its meeting held on June 18, 2009 decided to make the First Call, payable on or before July 31, 2009
On Second Call	8.00	0.25	7.75	4,145,196,736	After 9 months but within 18 months	The Board at its meeting held on January 22, 2010 decided to make the Second and Final Call, payable on or before March 1, 2010
Total	22.00	1.00	21.00	11,399,291,024		

During the financial year ended March 31, 2010, the Company received Rs. 4,137,329,504 towards the first call money on 517,166,188 partly paid equity shares and Rs. 4,109,896,512 towards the second and final call money on 513,737,064 partly paid equity shares.

- 35.2 The Board of Directors of the Company, in its meeting held on May 28, 2009 approved revision in use of Rights Issue proceeds from the uses mentioned in the Letter of Offer. The utilization of the rights issue proceeds as per the revised uses aggregating to Rs. 11,356,123,568 (including Rs. 3,108,897,552 received along with application during the year ended March 31, 2009, Rs. 4,137,329,504 received against First Call money and Rs. 4,109,896,512 received against Second and Final Call money) is as under. The monitoring agency namely IDBI Bank Limited has submitted its reports on utilization of right issue proceeds, which are filed with the regulatory authorities.

Particulars	Till Mar 31,2010	Till Mar 31,2009
Repayment of Loans	2,842,144,315	2,842,144,315
Repayment of loans received after launch of the Rights Issue	2,430,000,000	–
Rights Issue expenses	54,451,867	31,951,867
Acquisition of consumer premises equipments	1,839,643,828	129,740,858
General corporate purpose	879,883,558	105,060,512
Total Utilization (A)	8,046,123,568	3,108,897,552
Unutilized amount lying with :		
Mutual Funds	1,310,000,000	–
Deposit with Financial Institution	2,000,000,000	–
Investment (B)	3,310,000,000	–
Total (A+B)	11,356,123,568	3,108,897,552

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

36. Issue of Global Depository Receipts (GDR Issue):

- 36.1 Pursuant to the approvals obtained by the Company and in accordance with the applicable law including the Foreign Currency Convertible Bonds and Ordinary Shares (Through Depository Receipts Mechanism) Scheme, 1993, as amended, the Global Depository Receipt (GDR) Offer of the Company for 117,035 GDRs opened for subscription on November 23, 2009 at a price of US \$ 854.50 per GDR representing 1000 equity shares.

The pricing of the GDR as per the pricing formula prescribed under Clause 5 (4) (D) of the Foreign Currency Convertible Bonds and Ordinary Shares (Through Depository Mechanism) Scheme, 1993, as amended, was Rs. 39.80 per equity share and the relevant date for this purpose was November 23, 2009.

Notes to Financial Statements for the year ended March 31, 2010

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Upon opening, the GDR issue for USD 100 Million (approx) was fully subscribed and the Company received USD 100,006,407.50 towards the subscription money. Upon receipt of the subscription money, the Issue Committee at its meeting held on November 30, 2009, issued and allotted 117,035,000 fully paid equity shares @ Rs. 39.80 per fully paid equity share to M/s Deutsche Bank Trust Company Americas (being the depository) in the lieu of the Global Depository Receipt issued. The GDR's are listed at the Luxembourg Stock Exchange.

36.2 The utilization of the GDR proceeds aggregating to Rs. 4,658,446,900 received during the year is as under :

Particulars	2010
Acquisition of Fixed Assets includes Customer Premises Equipments	365,388,429
GDR Issue Expenses	34,462,652
Advance Against Share Application Money given to Subsidiaries	5,613,736
Repayment of Bank Loan	75,522,000
Operational Expenses including interest payments, Bank Charges and Exchange Fluctuations	1,692,321,248
Total (A)	2,173,308,065
Unutilized amount lying with:	
Increase in FDR and Margin Money	70,017,000
Investment in Mutual Fund	250,000,000
Balance with Non-Scheduled Banks*	2,165,121,835
Total unutilized balance as on 31 March 2010 (B)	2,485,138,835
Total (A + B)	4,658,446,900
*After adjustment for unrealized exchange loss of Rs. 69,369,904	

36.3 The GDR Issue expenses Rs. 40,883,283 incurred during the year are adjusted against Securities Premium in accordance with section 78 of the Companies Act, 1956.

37. Supplementary statutory information required to be given pursuant to Clause 32 of the Listing Agreement:

Sr. No	Name of the Enterprise	Balance as on March 31, 2010	Maximum Outstanding during the year	Balance as on March 31, 2009	Maximum Outstanding during the year
a)	Loans and Advances (including advance against share application money) to Subsidiaries				
1	Agrani Satellite Services Limited	2,403,731,466	2,403,731,466	2,002,100,325	2,002,100,325
2	Integrated Subscriber Management Services Limited	795,691,109	914,108,345	568,807,549	1,172,284,293
b)	Loans and Advances given to Companies in which Directors are interested				
	Rama Associate Limited	1,100,000	1,100,000	-	-
c)	Loans and Advances, where there is no repayment schedule				
1	Essel Agro Private Limited	1,095,580,278	2,263,395,148	2,263,395,148	2,263,395,148
2	ASC Telecommunication Limited	170,204,668	170,204,668	160,189,897	160,189,897

38. Related Party Disclosures

38.1 List of parties where control exists:

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

Notes to Financial Statements for the year ended March 31, 2010

(Currency : Indian Rupee)

38.2 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 (Gibraltar) Limited, ASC Telecommunication Limited, Asia Today Limited, Brio Academic Infrastructure and Resources Management Private Limited, Churu Trading Company Private Limited, Essel International 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 Technology Limited, ETC Networks Limited, Indian Cable Net Company Limited, Intrex Tradex Private Limited, ITZ Cash Card Limited, Mumbai Football Club Private Limited, Pan India Network Investment Private Limited, Prajatra Trading Company Private Limited, Procall Private Limited, Rama Associates Limited, Wire and Wireless (India) Limited, Taj Television India Private Limited, Zee Akash News Private Limited, Zee Entertainment Enterprises Limited, Zee News Limited, Zee Turner Limited.

Managing Director: - Mr. Jawahar Lal Goel

Non Executive Directors: - Mr. Subhash Chandra, Mr. B.D. Narang, Mr. Arun Duggal, Dr. Pritam Singh, Mr. Ashok Kurien, Mr. Eric Zinterhofer, Mr. Mintoo Bhandari (Alternate director to Mr. Eric Zinterhofer)

38.3 Transaction with Related Parties:

Particulars	2010		2009	
	Total Amount	Amount for Major Parties	Total Amount	Amount for Major Parties
(i) With Subsidiary Companies				
Purchase of Goods and Services:	999,974,887		970,806,636	
Integrated Subscriber Management Services Limited		999,974,887		970,806,636
Sales, Services and Recoveries (Net of Taxes)	-		92,000	
Integrated Subscriber Management Services Limited		-		92,000
Interest Received	245,823,909		10,636,172	
Agrani Satellite Services Limited		245,823,909		10,636,172
Loan, Advance and Deposit Given (including Share Application Money)	518,072,826		1,658,435,722	
Agrani Satellite Services Limited		260,789,266		1,482,196,000
Integrated Subscriber Management Services Limited		257,283,560		176,239,722
Refund Received against Loan, Advance and Deposit Given	125,400,000		123,500,000	
Agrani Satellite Services Limited		95,000,000		123,500,000
Integrated Subscriber Management Services Limited		30,400,000		-
(ii) With Other Related Parties:				
Sales, Services and Recoveries (Net of Taxes)	794,929,582		138,149,811	
Zee Entertainment Enterprises Limited		18,263,527		33,647,122
Zee News Limited		54,180,191		34,113,426
Asia Today Limited		86,479,990		52,080,294
Wire and Wireless India Limited		624,073,730		-
Others Related Parties		11,932,144		18,308,969
Purchase of Goods and Services	1,486,857,995		1,370,461,993	
Zee Turner Limited		937,712,772		960,000,062

Notes to Financial Statements for the year ended March 31, 2010

(Currency : Indian Rupee)

Particulars	2010		2009	
	Total Amount	Amount for Major Parties	Total Amount	Amount for Major Parties
Zee Entertainment Enterprises Limited		322,813,783		208,461,371
ITZ Cash Card Limited		86,110,358		131,194,029
Others Related Parties		140,221,082		70,806,531
Rent Paid	28,450,604		27,683,088	
Zee Entertainment Enterprises Limited		25,132,320		25,132,320
Rama Associates Limited		2,805,840		2,550,768
Others Related Parties		512,444		-
Interest Paid	97,816,573		327,022,831	
Zee Entertainment Enterprises Limited		71,901,370		68,917,282
Essel International Limited		24,618,197		-
Rupee Finance and Management Private Limited		-		4,231,238
Churu Trading Company Private Limited		-		238,734,832
Others Related Parties		1,297,006		15,139,479
Interest Received	218,612,796		62,715,906	
Essel Agro Private Limited		207,268,837		53,537,828
ASC Telecommunication Limited		9,824,771		9,178,078
Others Related Parties		1,519,188		-
Purchase of Fixed Assets	1,594,082,029		72,073	
Essel International Limited		1,508,659,183		-
Wire and Wireless (India) Limited		85,422,846		72,073
Sharing of Expenses Payable	22,428,981		22,253,268	
Zee Entertainment Enterprises Limited		18,393,396		18,829,165
ITZ Cash Card Limited		2,527,450		-
Others Related Parties		1,508,135		3,424,103
Sharing of Expenses Receivable	867,932		813,217	
Zee Entertainment Enterprises Limited		-		631,000
Zee Turner Limited		691,130		178,578
ETC Networks Limited		79,102		-
Wire and Wireless Limited		97,700		-
Others Related Parties		-		3,639
Loan, Advance and Deposit Taken	-		4,215,105,685	
Zee Entertainment Enterprises Limited		-		2,430,000,000
Churu Trading Company Private Limited		-		617,855,685
Rupee Finance and Management Private Limited		-		250,000,000
Zee News Limited		-		692,500,000
Others Related Parties		-		224,750,000
Repayment of Loan, Advance and Deposit Taken	2,453,218,875		5,038,931,464	
Zee Entertainment Enterprises Limited		2,430,000,000		432,360,984
Churu Trading Company Private Limited		-		3,617,855,685
Rupee Finance and Management Private Limited		-		290,366,648
Zee News Limited		-		692,500,000
Others Related Parties		23,218,875		5,848,147

Notes to Financial Statements for the year ended March 31, 2010

(Currency : Indian Rupee)

Particulars	2010		2009	
	Total Amount	Amount for Major Parties	Total Amount	Amount for Major Parties
Loan, Advance and Deposit Given	104,536,147		2,585,450,997	
ITZ Cash Card Limited		97,802,987		50,446,825
Churu Trading Company Private Limited		-		1,217,855,685
Essel Agro Private Limited		2,162,415		1,253,200,000
Others Related Parties		4,570,745		63,948,487
Refund Received against Loan, Advance and Deposit Given	1,275,365,912		1,277,405,685	
Churu Trading Company Private Limited		24,858,458		1,217,855,685
Essel Agro Private Limited		1,250,000,000		14,550,000
Others Related Parties		507,454		45,000,000
Collateral Security and Corporate Guarantee for Loan Taken from Bank provided by Essel Infraprojects Limited and Rama Associates Limited:	-		3,000,000,000	
Corporate Guarantee Received	1,000,000,000		2,852,950,000	
Zee Entertainment Enterprises Limited		1,000,000,000		2,852,950,000
Release of Corporate Guarantee Received	1,084,000,000		627,480,715	
Zee Entertainment Enterprises Limited		1,084,000,000		627,480,715
Balance Written Back	-		8,593,891	
Zee Turner Limited		-		8,205,850
Others Related Parties		-		388,041
Balance Written Off	1,721		352,907	
ITZ Cash Card Limited		-		352,907
Essel Shyam Technologies Limited		1,721		-
Balance at the end of year:				
With Subsidiary Companies:				
Investment	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 Subscriber Management Services Limited		500,000		500,000
Loan, Deposit and Advances Given (including Share Application Money)	3,199,422,575		2,570,907,874	
Agrani Satellite Services Limited		2,403,731,466		2,002,100,325
Integrated Subscriber Management Services Limited		795,691,109		568,807,549
Creditors for Expenses and Other Liabilities	925,164		926,694	
Agrani Convergence Limited		925,164		926,694
With Other Related Parties:				
Loan, Deposit and Advances Given	2,693,421,150		3,792,929,347	
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		1,095,580,278		2,263,395,148
Others Related Parties		393,251,001		324,944,328

Notes to Financial Statements for the year ended March 31, 2010

(Currency : Indian Rupee)

Particulars	2010		2009	
	Total Amount	Amount for Major Parties	Total Amount	Amount for Major Parties
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
Others Related Parties		11,871,292		11,871,292
Loan, Deposit and Advances Taken	231,500,000		2,684,718,875	
Zee Entertainment Enterprises Limited		-		2,430,000,000
Wire and Wireless (India) Limited		231,500,000		246,500,000
Others Related Parties		-		8,218,875
Creditors for Expenses and Other Liabilities	2,898,054,162		2,173,691,770	
Zee Entertainment Enterprises Limited		112,640,129		53,025,251
Zee Turner Limited		1,374,542,186		2,107,062,984
Essel International Limited		1,287,501,644		-
Others Related Parties		123,370,203		13,603,535
Debtors	301,221,274		435,988,379	
Asia Today Limited		106,641,178		74,888,174
Zee News Limited		19,888,296		76,174,061
Zee Entertainment Enterprises Limited		51,243,292		236,530,896
Wire and Wireless (India) Limited		88,004,185		8,883,465
Others Related Parties		35,444,323		39,511,783
Corporate Guarantee Received	3,222,030,089		3,306,030,089	
Zee Entertainment Enterprises Limited		3,222,030,089		3,306,030,089
Collateral Security & Corporate Guarantee for Loan Taken from Bank provided by Essel Infraprojects Limited and Rama Associates Limited	3,000,000,000		3,000,000,000	

Notes

- 1) Major parties denotes who account for 10% or more of the aggregate amount for that category of transaction.
- 2) Details of managerial remuneration is disclosed in Note 30.6
- 3) Also Refer Note 32.3

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

39.1 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.

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

Particulars	2010		2009	
	Quantity (No.)	Amount	Quantity (No.)	Amount
Opening 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

Notes to Financial Statements for the year ended March 31, 2010

(Currency : Indian Rupee)

Particulars	2010		2009	
	Quantity (No.)	Amount	Quantity (No.)	Amount
Purchases #				
Set Top Boxes, VGA Box and DVR	1,370	2,977,003	30,018	50,748,055
Cable, Dish, LNB,VC and Other Items		2,801,011		40,292,497
Spare Parts and Other Items		14,171,730		32,180,526
Electronic Equipments		-	54	3,611,044
# Including transfer from capital work in progress				
Total		19,949,744		126,832,122
Sales				
Set Top Boxes, VGA Box and DVR	1,530	1,328,666	49,779	46,826,471
Cable, Dish, LNB,VC and Other Items		2,643,630		26,158,420
Spare Parts and Other Items		19,817,083		18,677,584
Electronic Equipment		-	54	3,668,000
Total		23,789,379		95,330,475
Closing Stock				
Set Top Boxes, VGA Box and DVR	1,544	5,830,701	1,704	6,063,712
Spare Parts and Other Items		21,968,611		24,869,437
Total		27,799,312		30,933,149

39.3 Other Information:

Particulars	2010	2009
A. CIF Value of Imports		
Capital Equipments	2,503,668,768	3,830,662,427
Trading Goods	8,461,922	7,694,480
B. Expenses in Foreign Currency		
Content Fees	9,548,598	6,056,819
Transponder Charges [including Security Rs. NIL (Rs. 22,431,299)]	525,307,248	530,882,924
Traveling Expenses	949,289	3,945,495
Interest Expenses [includes interest capitalized Rs. 3,779,976 (Rs. 8,651,696)]	74,565,724	68,267,843
Bank and Other Financial Charges	1,976,701	-
GDR Issue Expense (Adjusted against Securities Premium) :-	36,365,902	-
Professional and Consultancy Charges	828,756	-
Others		
C. Income in Foreign Currency		
Teleport Services	86,479,990	52,080,293
Interest Income	91,114	-

Notes to Financial Statements for the year ended March 31, 2010

(Currency : Indian Rupee)

40. Earning Per Share (EPS)

Particulars	2010	2009
Profit/(Loss) After Tax	(2,621,325,328)	(4,762,773,585)
Weighted Average number of Equity Shares of Re 1 each (Nos.)	820,536,923	475,362,442
Basic and diluted earning per share	(3.19)	(10.02)

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.

41. Segment Information As Per AS-17

The Company is in the business of providing Direct to Home (DTH) and teleport services. As the company's business activity primarily falls within a single business and geographical segment are insignificant, therefore no additional disclosures to be provided in terms of Accounting Standard 17 on "Segment Reporting"

As per our attached report of even date

L. K. Shrishrimal

Partner

Membership No. 72664

For and on behalf of

MGB & Co

Firm Registration No. 101169W

Chartered Accountants

Place: Noida

Date: October 26, 2010

For and on behalf of Board of Directors

Jawahar Lal Goel

Managing Director

B D Narang

Director

Rajeev K Dalmia

Chief Financial Officer

Ranjit Singh

Company Secretary

Cash Flow Statement for the year ended March 31,

(Currency : Indian Rupee)

Particulars	2010	2009
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit/(Loss) before taxation	(2,621,506,237)	(4,755,501,982)
Adjustments for :		
Depreciation /Amortization	3,037,946,316	2,154,074,838
Loss on sale/ discard of Fixed Assets	80,162,621	9,197,276
Provision for Doubtful Debts	8,848,387	-
Profit on Redemption of units of Mutual Funds	(1,413,550)	-
Exchange Adjustments (Net)	65,807,834	101,441,388
Interest Expenses	1,123,218,566	810,420,354
Interest Income	(632,943,242)	(83,410,511)
Amount Written Off (Net)	2,924,090	-
Operating Profit/(Loss) before working capital changes	1,063,044,785	(1,763,778,637)
Adjustments for :		
(Increase)/Decrease in Inventories	3,133,837	16,188,612
(Increase)/Decrease in Trade and Other Receivables	2,339,231,311	(4,953,606,839)
Increase/(Decrease) in Trade and Other Payables	(1,343,074,114)	4,058,045,937
Cash Generated from Operations	2,062,335,819	(2,643,150,927)
Direct Taxes Paid (Net)	15,440,657	23,992,756
Net Cash flow from Operating Activities	2,046,895,162	(2,667,143,683)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchases of Fixed Assets/ CWIP	(4,870,258,482)	(5,105,415,603)
Proceeds from Sale of Fixed Assets	738,984	2,860,148
Purchases of Investments	(6,560,518,316)	-
Proceeds from Sale of Investments	5,000,876,180	-
Loan given to Others	(1,405,000)	(520,000)
Deposit with Financial Institution	(2,000,000,000)	-
Advance Against Share Application Money given to Subsidiaries	(260,789,266)	(112,096,000)
Refund of Advance Against Share Application Money given to Subsidiaries	90,000,000	123,500,000
Refund of Loan by Subsidiaries	5,000,000	-
Interest received	326,550,678	11,169,599
Net Cash Flow from Investing Activities	(8,269,805,222)	(5,080,501,856)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Interest Paid	(1,024,217,591)	(887,037,354)
Proceeds from Issue of Equity Share Capital including Securities Premium	12,905,672,620	3,108,897,552
Share Call Money	5,482,761	-
Share Issue Expenses	(66,432,844)	(31,951,867)
Proceeds from Long Term Borrowing	1,598,396,848	7,154,420,642
Proceeds from Lease Finance	1,271,099,989	-
Repayment of Lease Finance availed	(3,355,925)	-
Proceeds/(Repayment) of Vehicle Loan (Net)	344,403	12,001
Proceeds from Short Term Borrowing	339,109,410	5,131,267,612
Repayment of Short Term Borrowing	(3,851,932,907)	(6,387,015,714)
Net Cash Flow from Financing Activities	11,174,166,764	8,088,592,872
D. Effect of exchange difference on translation of foreign currency cash and cash equivalents		
Net Cash Flow during the year (A+B+C+D)	(69,379,132)	-
Cash and Cash Equivalents at the beginning of the year	4,881,877,572	340,947,333
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	2,541,306	4,469,835
Balances with Scheduled Banks in Current Accounts in Indian Rupees	2,873,146,788	243,412,046
Balances with Scheduled Banks in Current Accounts in Foreign Currency	4,654,050	-
Balances with Scheduled Banks in Deposit Accounts (Pledged/under lien with banks and others)	380,366,319	292,389,981
Balances with Non-Scheduled Banks in Current Accounts in Foreign Currency	130,904,330	-
Balances with Non-Scheduled Banks in Deposit Accounts in Foreign Currency	2,029,558,944	-
Cheques in hand	1,076,273	98,576
Total Cash and Cash Equivalents	5,422,248,010	540,370,438

Notes :

1. Previous year's figures have been regrouped, rearranged and recasted wherever considered necessary.
2. Balances with Scheduled Banks in Current Accounts includes Rs. 5,482,761 for Share Call Money

As per our attached Report of even date

L. K. Shrishrimal
Partner
Membership No. 72664
For and on behalf of
MGB & Co
Firm Registration No. 101169W
Chartered Accountants
Place : Noida
Dated : October 26, 2010

For and on behalf of the Board

Jawahar Lal Goel **B D Narang**
Managing Director Director

Rajeev K Dalmia **Ranjit Singh**
Chief Financial Officer Company Secretary

Balance Sheet Abstract and Company's General Business Profile

I. REGISTRATION DETAILS

(Rs. in '000)

Registration No.			1	0	1	8	3	6	State Code							5	5
Balance Sheet Date	3	1	0	3	2	0	1	0									
	Day		Month		Year												

II. CAPITAL RAISED DURING THE YEAR (AMOUNT IN THOUSANDS)

Public Issue						N	I	L	Rights Issue			2	5	7	7	2	6
Bonus Issue						N	I	L	Private Placement			1	1	7	0	4	7

III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (AMOUNT IN RS. THOUSANDS)

Total Liabilities	2	5	5	2	2	3	9	1	Total Assets	2	5	5	2	2	3	9	1
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SOURCES OF FUNDS

Paid up Capital		1	0	6	2	0	7	0	Reserves & Surplus	1	5	2	8	2	3	3	8
Secured Loans		3	6	2	7	7	7	1	Unsecured Loans		5	5	5	0	2	1	2
Deferred Tax Liability						N	I	L									

APPLICATION OF FUNDS

Net Fixed Assets	1	2	4	0	1	2	1	4	Investments		2	5	0	5	5	6	6
Net Current Assets (-)		1	7	2	6	0	4	8	Miscellaneous Expenditure						N	I	L
Accumulated Loss	1	2	3	4	1	6	5	9									

IV. PERFORMANCE OF COMPANY (AMOUNT IN RS. THOUSANDS)

Turnover	1	0	9	0	1	0	7	2	Total Expenditure	1	3	5	2	2	5	7	9
Profit/(Loss) Before Tax(-)		2	6	2	1	5	0	6	Profit/(Loss) After Tax(-)		2	6	2	1	3	2	5
Earning per Share in Rs.				-	3	.	1	9	Dividend Rate (%)						N	I	L

V. GENERIC NAMES OF THREE PRINCIPAL PRODUCTS/SERVICES OF COMPANY (As Per Monetary Terms)

Item Code No. (ITC Code) N A

Product Description DTH Services, Trading & Transponder Teleport Activity

For and on behalf of the Board

Jawahar Lal Goel
Managing Director

B D Narang
Director

Rajeev K Dalmia
Chief Financial Officer

Ranjit Singh
Company Secretary

Place : Noida
Date : October 26, 2010