

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	-
		3,479,618,927	428,222,803
Loan Funds			
Secured Loans	4	2,696,204,935	683,867,989
Unsecured Loans	5	8,615,161,452	4,582,382,574
		11,311,366,387	5,266,250,563
TOTAL		14,790,985,314	5,694,473,366
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
		11,187,340,586	7,696,021,095
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
		8,837,514,461	3,475,065,048
Less: Current Liabilities and Provisions	12	15,843,430,347	11,340,786,570
Current Liabilities		15,843,430,347	11,340,786,570
Provisions		55,283,532	35,340,748
		15,898,713,879	11,376,127,318
Net Current Assets		(7,061,199,418)	(7,901,062,270)
Profit and Loss Account	13	9,720,334,106	4,955,004,501
TOTAL		14,790,985,314	5,694,473,366

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,

(Currency: Indian Rupee)

	Notes	2009	2008
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)	428,222,803	428,222,803
518,149,592 (Nil) Equity Shares of Re. 1 each, paid up Re. 0.50 per share (Refer Note 35)	259,074,796	-
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	2,849,822,756	-
	<u>2,849,822,756</u>	-
Less: Rights Issue Expenses (Refer Note 35.3)	57,501,428	-
	<u>2,792,321,328</u>	-
General Reserves		
As per Last Balance Sheet (As per Scheme of Arrangement)	1,695,856,798	1,695,856,798
Less: Debit balance in Profit and Loss Account per contra	1,695,856,798	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	2,590,700,000	-
Bridge Loan from Bank	-	604,780,715
Cash Credit from Bank	74,604,622	75,872,009
Vehicle Loan	3,227,266	3,215,265
Interest accrued and due	27,673,047	-
TOTAL	<u>2,696,204,935</u>	<u>683,867,989</u>
5. UNSECURED LOANS (Refer Note 26)		
Term Loan from Bank	5,163,024,160	351,714,000
Short Term Loan from Bank	1,000,000,000	800,000,000
Inter Corporate Deposit	2,438,218,875	3,279,700,000
Interest accrued and due	13,918,417	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,

(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	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	-
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

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. (Currency: Indian Rupee)

(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,

(Currency: Indian Rupee)

- 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.

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 Garming 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 Investest Private Limited, Pan India Network Investment Private Limited, Pan India Paryatan Limited, Prajatma 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:				
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 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. 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

Balance Sheet Abstract and Company's General Business Profile

I. REGISTRATION DETAILS

(Rs. in '000)

Registration No.	<input type="text"/>	<input type="text"/>	1	0	1	8	3	6	State Code	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	5	5
Balance Sheet Date	<input type="text"/>	3	1	0	3	2	0	0	9							
		Day		Month		Year										

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

Public Issue	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	N	I	L	Rights Issue	<input type="text"/>	<input type="text"/>	2	5	9	0	7	5
Bonus Issue	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	N	I	L	Private Placement	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	N	I	L

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

Total Liabilities	<input type="text"/>	1	4	7	9	0	9	8	5	Total Assets	<input type="text"/>	1	4	7	9	0	9	8	5
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SOURCES OF FUNDS

Paid up Capital	<input type="text"/>	<input type="text"/>	6	8	7	2	9	8	Reserves & Surplus	<input type="text"/>	2	7	9	2	3	2	1
Secured Loans	<input type="text"/>	2	6	9	6	2	0	5	Unsecured Loans	<input type="text"/>	8	6	1	5	1	6	1
Deferred Tax Liability	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	N	I	L									

APPLICATION OF FUNDS

Net Fixed Assets	<input type="text"/>	1	1	1	8	7	3	4	0	Investments	<input type="text"/>	<input type="text"/>	9	4	4	5	1	0
Net Current Assets (-)	<input type="text"/>	7	0	6	1	1	9	9	Miscellaneous Expenditure	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	N	I	L	
Accumulated Loss	<input type="text"/>	9	7	2	0	3	3	4										

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

Turnover	<input type="text"/>	7	3	8	9	6	6	6	Total Expenditure	<input type="text"/>	1	2	1	4	5	1	6	8
Profit/(Loss) Before Tax(-)	<input type="text"/>	4	7	5	5	5	0	2	Profit/(Loss) After Tax(-)	<input type="text"/>	4	7	6	2	7	7	4	
Earning per Share in Rs.	<input type="text"/>	-	1	0	.	0	2	Dividend Rate (%)	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	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

Jagdish Patra
Company Secretary

Place : Noida
Date : June 18, 2009

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)		<u>5,817,386</u>	<u>7,885,920</u>
TOTAL		<u><u>14,977,293,630</u></u>	<u><u>5,881,277,558</u></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		
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		<u>(8,321,740,142)</u>	<u>(8,856,621,854)</u>
Profit and Loss Account	13	9,954,143,034	5,138,721,155
TOTAL		<u><u>14,977,293,630</u></u>	<u><u>5,881,277,558</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

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

	Notes	2009	(Currency: Indian Rupee) 2008
INCOME			
Sales and Services	14	7,381,089,276	4,128,198,818
Other Income	15	12,790,712	33,561,912
		<u>7,393,879,988</u>	<u>4,161,760,730</u>
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
		<u>12,195,135,398</u>	<u>8,295,767,467</u>
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		<u>(11,641,536,186)</u>	<u>(6,834,577,953)</u>
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. 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 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	428,222,803	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	259,074,796	-
TOTAL	<u>687,297,599</u>	<u>428,222,803</u>
3. RESERVES AND SURPLUS		
Securities Premium: (Refer Note 34.1)		
As per Last Balance Sheet	-	-
Add: Received during the year	2,849,822,756	-
	<u>2,849,822,756</u>	-
Less: Rights Issue Expenses (Refer Note 34.3)	57,501,428	-
	<u>2,792,321,328</u>	-
General Reserves		
As per Last Balance Sheet (As per Scheme of Arrangement)	1,695,856,798	1,695,856,798
Less: Debit balance in Profit and Loss Account per contra	1,695,856,798	1,695,856,798
	-	-
TOTAL	<u>2,792,321,328</u>	<u>-</u>
4. SECURED LOANS		
(For Security and other details Refer Note 26)		
Term Loan from Banks	2,590,700,000	-
Bridge Loan from Bank	-	604,780,715
Cash Credit from Bank	74,604,622	75,872,009
Vehicle Loan	4,260,196	3,350,537
Interest accrued and due	27,673,047	-
TOTAL	<u>2,697,237,865</u>	<u>684,003,261</u>
5. UNSECURED LOANS (Refer Note 26)		
Term Loan from Bank	5,163,024,160	351,714,000
Short Term Loan from Bank	1,000,000,000	800,000,000
Inter Corporate Deposit	2,617,676,875	3,458,483,000
Interest accrued and due	13,918,417	150,968,574
TOTAL	<u>8,794,619,452</u>	<u>4,761,165,574</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:

- Details of assets given on Operating Lease is given in Note 32.2
- Depreciation for the year includes Rs. 253,782 (Rs. 395,035) taken to pre-operative expenses (Refer Note 28.3)
- 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	
Loss on sale/ discard of Fixed Assets	4,546,059	1,004,188
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 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 Shyam Communication Limited, Essel Shyam Technology Limited, ETC Networks Limited, Essel Infraproject 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 Infravest Private Limited, Pan India Network Investment Private Limited, Pan India Network Private Limited, Pan India Paryatan Limited, Prajatma 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. 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 Cash Flow Statement for the year ended March 31,

(Currency: Indian Rupee)

	2009	2008
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 Redemption 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