

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, 2010, the Consolidated Profit and Loss Account and Consolidated Cash Flow Statement for the year ended on 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. 1,110,432,570 as at March 31, 2010 and total revenues (net) of Rs. 12,599,118 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. We report that the Consolidated Financial Statements have been prepared by the Company in accordance with the requirements of the Accounting Standard AS 21 "Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of the Company and its subsidiaries.
5.
 - a. *No provision is made for the loss on impairment of assets by holding company and a subsidiary as required by AS 28 "Impairment of assets". Had these adjustments made, loss for the year would have been higher by Rs. 15,120.24 lacs. However this loss is proposed to be adjusted against General Reserve as per the Composite Scheme of Amalgamation and Arrangement filed with the high court as referred in Note no 25.*
 - b. *In respect of a subsidiary, the auditors have qualified their report on preparing of the financial statements on going concern assumption and for not making adjustment relating to recoverability of recorded amounts and in respect to liability as might be necessary for compilation where the said subsidiary is not longer a going concern. Effect on the networth of the subsidiary is unascertained.*
6. *Subject to comments at para 5 above and based on our audit and on consideration of the reports of other auditors on separate financial statements of subsidiaries and to the best of our information and according to the 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:*
 - (i) In the case of the Consolidated Balance Sheet of the consolidated state of affairs of the group as at March 31, 2010;
 - (ii) 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; and
 - (iii) In the case of the Consolidated Cash Flow Statement of the consolidated cash flows of the group for the year ended on that date.

L. K. Shrishrimal
Partner
Membership No. 72664

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

Place : Noida
Dated : October 26, 2010

Consolidated Balance Sheet as at March 31,

(Currency : Indian Rupee)

	Notes	2010	2009
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	2	1,062,070,492	687,297,599
Reserves and Surplus	3	15,282,337,772	2,792,321,328
		<u>16,344,408,264</u>	<u>3,479,618,927</u>
Loan Funds			
Secured Loans	4	3,628,484,511	2,697,237,865
Unsecured Loans	5	5,729,469,711	8,794,619,452
		<u>9,357,954,222</u>	<u>11,491,857,317</u>
Deferred Tax Liability (Net) (Refer Note 27.3)		-	5,817,386
TOTAL		<u><u>25,702,362,486</u></u>	<u><u>14,977,293,630</u></u>
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	6	18,344,077,245	14,211,049,705
Less : Depreciation/Amortization		<u>7,297,895,506</u>	<u>4,600,210,007</u>
Net Block		11,046,181,739	9,610,839,698
Capital Work in Progress		<u>3,540,842,176</u>	<u>3,734,025,540</u>
		<u>14,587,023,915</u>	<u>13,344,865,238</u>
Investments	7	1,561,081,188	25,500
Current Assets, Loans and Advances			
Inventories	8	27,799,312	32,154,439
Sundry Debtors	9	359,040,400	526,098,898
Cash and Bank Balances	10	5,550,223,331	805,302,304
Loans and Advances	11	6,965,541,781	6,680,458,357
		<u>12,902,604,824</u>	<u>8,044,013,998</u>
Less: Current Liabilities and Provisions	12		
Current Liabilities		15,859,650,695	16,310,854,383
Provisions		<u>64,885,869</u>	<u>54,899,757</u>
		<u>15,924,536,564</u>	<u>16,365,754,140</u>
Net Current Assets		<u>(3,021,931,740)</u>	<u>(8,321,740,142)</u>
Profit and Loss Account	13	12,576,189,123	9,954,143,034
TOTAL		<u><u>25,702,362,486</u></u>	<u><u>14,977,293,630</u></u>

The accompanying notes form an integral part of these financial statements

As per our attached Report of even date

L. K. Shrishrimal

Partner

Membership No. 72664

For and on behalf of

MGB & Co

Firm Registration No. 101169W

Chartered Accountants

Place : Noida

Dated : October 26, 2010

For and on behalf of the Board

Jawahar Lal Goel

Managing Director

B D Narang

Director

Rajeev K Dalmia

Chief Financial Officer

Ranjit Singh

Company Secretary

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

	Notes	2010	2009
(Currency : Indian Rupee)			
INCOME			
Sales and Services	14	10,849,951,014	7,381,089,276
Other Income	15	65,274,936	12,790,712
		<u>10,915,225,950</u>	<u>7,393,879,988</u>
EXPENDITURE			
Cost of Traded Goods	16	23,586,955	146,975,195
Operating Expenses	17	6,901,961,552	5,292,529,702
Personnel Cost	18	515,971,506	543,359,666
Administration and Other Expenses	19	520,889,104	468,849,098
Selling and Distribution Expenses	20	1,770,752,393	2,162,147,803
Financial Expenses (net)	21	582,803,994	1,292,675,100
Depreciation/Amortization	6	3,227,304,830	2,288,598,834
		<u>13,543,270,334</u>	<u>12,195,135,398</u>
Profit/(Loss) before Tax		(2,628,044,384)	(4,801,255,410)
Provision for Taxation - Current Tax		-	-
- Deferred Tax (Refer Note 27)		(5,817,386)	(2,068,534)
- Fringe Benefit Tax		-	7,699,754
- Wealth Tax		77,479	71,603
- Short Provision in earlier years		(258,388)	-
Profit/(Loss) for the year carried over to Balance Sheet	13	<u>(2,622,046,089)</u>	<u>(4,806,958,233)</u>
Basic and Diluted Earnings Per Share calculated on share of Re. 1 each fully paid up (Refer Note 38)		(3.20)	(10.11)
The accompanying notes form an integral part of these financial statements			

As per our attached Report of even date

L. K. Shrishrimal

Partner

Membership No. 72664

For and on behalf of

MGB & Co

Firm Registration No. 101169W

Chartered Accountants

Place : Noida

Dated : October 26, 2010

For and on behalf of the Board

Jawahar Lal Goel

Managing Director

B D Narang

Director

Rajeev K Dalmia

Chief Financial Officer

Ranjit Singh

Company Secretary

Notes to Consolidated Financial Statements as at March 31,

(Currency : Indian Rupee)

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

Note:

- i) Of 1,063,419,475 Equity Shares as at March 31, 2010:
 - a) 249,300,890 Equity Shares of Re. 1 each fully paid up were allotted for consideration other than cash pursuant to the Scheme of Arrangement made effective on April 01, 2006.
 - b) 12,080 Equity Shares were issued during the year to employees under Employee Stock Option Plan i.e. ESOP 2007.
 - c) 117,035,000 (NIL) equity shares of Re. 1 each fully paid up have been issued during the year underlying 117,035 nos. of Global Depository Receipts (GDR). Each GDR represents 1,000 Equity Shares of Re. 1 each.
- ii) Of 946,372,395 Equity Shares as at March 31, 2009:
Represent 428,222,803 Equity Shares of Re. 1 each fully paid up and 518,149,592 Equity Shares of Re. 1 each partly paid up of Re. 0.50 per Equity Share.
- iii) Refer Note 34 and 35 for Rights Issue and GDR Issue details.

	2010	2009
3. RESERVES AND SURPLUS		
Securities Premium (Refer Note 34 and 35)		
As per Last Balance Sheet	<u>2,792,321,328</u>	-
Add: Received during the year	<u>12,530,899,727</u>	2,849,822,756
	<u>15,323,221,055</u>	2,849,822,756
Less: Rights Issue/GDR Issue Expenses	<u>40,883,283</u>	57,501,428
	<u>15,282,337,772</u>	2,792,321,328
General Reserves		
As per Last Balance Sheet*	<u>1,695,856,798</u>	1,695,856,798
Less: Debit balance in Profit and Loss Account per contra	<u>1,695,856,798</u>	1,695,856,798
*As per Scheme of Arrangement made effective on April 01, 2006	-	-
TOTAL	<u><u>15,282,337,772</u></u>	<u><u>2,792,321,328</u></u>
4. SECURED LOANS		
(For Security and other details Refer Note 26)		
Term Loan from Banks	<u>3,590,700,000</u>	2,590,700,000
Cash Credit from Bank	-	74,604,622
Vehicle Loan	<u>4,285,385</u>	4,260,196
Interest accrued and due	<u>33,499,126</u>	27,673,047
TOTAL	<u><u>3,628,484,511</u></u>	<u><u>2,697,237,865</u></u>

Notes to Consolidated Financial Statements as at March 31,

(Currency : Indian Rupee)

5. UNSECURED LOANS (Refer Note 26)

	2010	2009
Term Loan from Bank	3,000,000,000	3,000,000,000
Buyer's Credit from Bank	2,517,694,577	2,163,024,160
Short Term Loan from Banks	-	1,000,000,000
Inter Corporate Deposit	179,258,000	2,617,676,875
Interest accrued and due	32,517,134	13,918,417
TOTAL	5,729,469,711	8,794,619,452

6. FIXED ASSETS (At Cost)

	GROSS BLOCK				DEPRECIATION / AMORTIZATION				NET BLOCK	
	As at April 1, 2009	Additions	Sale/ Adjustment	As at March 31, 2010	Up to March 31, 2009	For the year	Sale/ Adjustment	Up to March 31, 2010	As at March 31, 2010	As at March 31, 2009
Intangible Assets										
Goodwill	451,177,637	-	-	451,177,637	203,029,936	90,235,527	-	293,265,463	157,912,174	248,147,701
License fees	117,362,250	-	-	117,362,250	57,604,338	13,472,450	-	71,076,788	46,285,462	59,757,912
Software	193,653,479	21,190,351	-	214,843,830	107,154,668	32,668,187	-	139,822,855	75,020,975	86,498,811
Total (A)	762,193,366	21,190,351	-	783,383,717	367,788,942	136,376,164	-	504,165,106	279,218,611	394,404,424
Tangible Assets										
Plant and Machinery	1,877,594,758	826,274,557	-	2,703,869,315	575,341,594	338,223,493	-	913,565,087	1,790,304,228	1,302,253,164
Consumer Premises Equipments (CPE)	11,379,394,284	4,077,079,752	800,552,712	14,655,921,324	3,611,700,244	2,732,087,582	527,374,453	5,816,413,373	8,839,507,951	7,767,694,040
Computers	56,743,634	4,925,666	1,390,401	60,278,899	20,025,413	8,468,048	1,321,158	27,172,303	33,106,596	36,718,221
Equipments	46,371,280	1,895,428	504,318	47,762,390	5,092,321	2,305,035	198,773	7,198,583	40,563,807	41,278,959
Furniture and Fixtures	18,963,951	1,032,332	-	19,996,283	3,469,975	1,686,216	-	5,156,191	14,840,092	15,493,976
Vehicles	23,508,157	5,461,547	2,564,482	26,405,222	6,539,325	2,481,458	873,367	8,147,416	18,257,806	16,968,832
Leasehold Improvements	46,280,275	179,820	-	46,460,095	10,252,193	5,825,254	-	16,077,447	30,382,648	36,028,082
Total (B)	13,448,856,339	4,916,849,102	805,011,913	17,560,693,528	4,232,421,065	3,091,077,086	529,767,751	6,793,730,400	10,766,963,128	9,216,435,274
Total (A+B)	14,211,049,705	4,938,039,453	805,011,913	18,344,077,245	4,600,210,007	3,227,453,250	529,767,751	7,297,895,506	11,046,181,739	9,610,839,698
Previous Year	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	

Note:

- (1) Details of assets given on Operating Lease and Finance Lease are given in Note 33
- (2) Depreciation for the year includes Rs. 148,420 (Rs 253,782) taken to pre-operative expenses (Refer Note 29.3)
- (3) Refer Note 30.6 for foreign currency exchange difference capitalised/decapitalised during the year.

7. INVESTMENTS

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

	2010	2009
NSC VIII issue (Pledged with Sales Tax Authorities)	25,500	25,500
Short Term - Unquoted		
Mutual Fund* (Refer Note 28) (Net Assets Value Rs. 1,565,478,734)	1,561,055,688	-
	1,561,081,188	25,500
Aggregate Book value of unquoted investments	1,561,081,188	25,500

* Includes Rs. 1,310,000,000 out of Rights Issue and Rs. 250,000,000 out of GDR Issue proceeds (Refer Note 34 and 35)

Notes to Consolidated Financial Statements as at March 31,

(Currency : Indian Rupee)

	2010	2009
8. INVENTORIES		
(As taken, valued and certified by the management)		
Stock in Trade (CPE and Accessories)	27,799,312	32,154,439
TOTAL	<u>27,799,312</u>	<u>32,154,439</u>
9. SUNDRY DEBTORS		
(Unsecured, considered good unless otherwise stated)		
More than Six Months [Includes doubtful Rs. 21,504,692 (Rs. 30,519,990)]	177,265,648	392,366,861
Others [Include doubtful Rs. 9,982,526 (Rs. Nil)]	213,261,970	164,252,027
TOTAL	<u>390,527,618</u>	<u>556,618,888</u>
Less: Provision for Doubtful Debts	31,487,218	30,519,990
TOTAL	<u>359,040,400</u>	<u>526,098,898</u>
10. CASH AND BANK BALANCES		
Cash in Hand	2,544,576	4,672,127
Balance with Scheduled Banks :		
In Current Account in Indian Rupees#	2,987,992,751	495,110,802
In Current Account in Foreign Currency*	4,654,050	-
In Short Term Deposit Account	993,643	973,172
In Fixed Deposit/Margin Account (Pledged/ under lien with banks and others)	390,663,319	304,447,627
Balance with Non-Scheduled Banks :* (Refer Note 30.8)		
In Current Account in Foreign Currency	130,904,330	-
In Fixed Deposit in Foreign Currency	2,029,558,944	-
Cheques in hand	2,911,718	98,576
TOTAL	<u>5,550,223,331</u>	<u>805,302,304</u>
* Includes unutilised proceeds of GDR Issue (Refer Note 35.2)		
# includes Rs. 5,482,761 against Share Call Money		
11. LOANS AND ADVANCES (Refer Note 30.5)		
(Unsecured, considered good unless otherwise stated)		
Loans	1,463,902,715	979,593,667
Advances:		
Indirect Taxes	934,852,207	722,517,099
Direct Taxes (Net of provisions)	144,643,493	82,321,125
Other Advances*	3,480,443,288	5,934,462,993
Deposit with Financial Institutions (Refer Note 30.9)	2,000,000,000	-
Deposits	167,743,387	187,606,782
	<u>8,191,585,090</u>	<u>7,906,501,666</u>
Less: * Provision for Doubtful Advances	1,226,043,309	1,226,043,309
TOTAL	<u>6,965,541,781</u>	<u>6,680,458,357</u>

Notes to Consolidated Financial Statements as at March 31,

(Currency : Indian Rupee)

	2010	2009
12. CURRENT LIABILITIES AND PROVISIONS		
Current Liabilities		
Creditors for Goods	765,762,029	873,007,206
Creditors for Expenses and Other Liabilities (Refer Note 30.4)	5,416,138,098	6,890,583,493
Liability under Finance Lease (Refer Note 33.2)	1,256,712,340	-
Advances/Deposits Received	8,393,597,006	8,532,810,330
Share Call Money	5,482,761	-
Interest Accrued but not due	21,958,461	14,453,354
	<u>15,859,650,695</u>	<u>16,310,854,383</u>
Provisions		
For Taxation (Net of advances)	640,819	2,792,877
For Retirement Benefits	64,245,050	52,106,880
	<u>64,885,869</u>	<u>54,899,757</u>
TOTAL	<u>15,924,536,564</u>	<u>16,365,754,140</u>
13. PROFIT AND LOSS ACCOUNT		
Balance as per last Balance Sheet	11,649,999,832	6,834,577,953
Add: Adjustment pursuant to adoption of option granted under AS-11 (Refer Note 30.6.2)	-	8,463,646
Loss for the year transferred from Profit and Loss account	2,622,046,089	4,806,958,233
	<u>14,272,045,921</u>	<u>11,649,999,832</u>
Less: Adjusted against General Reserves per contra	1,695,856,798	1,695,856,798
TOTAL	<u>12,576,189,123</u>	<u>9,954,143,034</u>

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

(Currency : Indian Rupee)

	2010	2009
14. SALES AND SERVICES		
Income from DTH Subscribers :		
Subscription Revenue	8,352,918,277	5,897,360,176
Lease Rentals	1,500,742,489	1,007,177,287
Other Operating Income	19,694,129	1,776,835
Teleport Services	168,044,661	133,063,394
HITS Services	624,073,729	-
Bandwidth Charges	158,681,781	242,236,743
Sales-CPE, Accessories and Others	24,568,808	96,732,616
Call Center Charges	1,227,140	2,742,225
TOTAL	10,849,951,014	7,381,089,276
15. OTHER INCOME		
Exchange Difference (Net)	54,757,575	-
Profit on redemption of units of Mutual Funds	1,413,550	-
Profit on sale of Fixed Assets	-	81,987
Other Income	9,103,811	12,708,725
TOTAL	65,274,936	12,790,712
16. COST OF TRADED GOODS		
Opening Stock	32,154,439	58,316,913
Purchases	19,231,828	120,812,721
	51,386,267	179,129,634
Less: Closing Stock	27,799,312	32,154,439
TOTAL	23,586,955	146,975,195
17. OPERATING EXPENSES		
Transponder Lease	961,699,706	477,304,543
License Fees	1,095,525,824	745,617,013
Uplink Charges	110,549,473	89,746,010
Programming and Other Costs	4,131,530,398	3,478,984,063
Entertainment Tax	258,029,073	178,494,721
Other Operating Charges	344,627,078	322,383,352
TOTAL	6,901,961,552	5,292,529,702
18. PERSONNEL COST		
Salary, Bonus and Allowances	465,595,079	490,436,312
Contribution to Provident and Other Funds	32,351,734	29,398,133
Staff Welfare	15,099,810	14,860,858
Recruitment and Training Expenses	2,924,883	8,664,363
TOTAL	515,971,506	543,359,666

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

(Currency : Indian Rupee)

	2010	2009
19. ADMINISTRATION AND OTHER EXPENSES		
Rent	49,297,875	49,120,965
Rates and Taxes	10,685,025	6,493,430
Electricity Charges	29,173,381	27,501,887
Insurance	833,774	5,257,809
Repairs and Maintenance - Plant and Machinery	7,037,597	13,494,075
- Building	3,305,411	3,658,059
- Others	14,597,290	14,984,189
Vehicles Expenses	1,600,924	2,072,826
Legal and Professional Fees	77,059,074	57,256,501
Director Sitting Fees	765,000	500,000
Printing and Stationary	33,620,921	30,392,363
Communication Expenses	34,558,712	39,498,429
Traveling and Conveyance	58,781,788	67,911,117
Miscellaneous Expenses	5,866,123	16,826,085
Balances Written Off (Net)	8,187,519	-
Service and Hire Charges	24,565,613	31,505,547
Freight, Cartage and Demurrage	69,941,137	88,632,481
Bad Debts	9,812,632	
Less: Transfer from Provision for Bad Debts	<u>7,881,159</u>	
Provision for Doubtful Debts	8,848,387	1,357,536
Loss on sale/ discard of Fixed Assets	80,232,080	9,197,276
TOTAL	<u>520,889,104</u>	<u>468,849,098</u>
20. SELLING AND DISTRIBUTION EXPENSES		
Advertisement and Publicity Expenses	752,071,541	897,828,222
Business Promotion Expenses	17,447,179	21,457,580
Commission	943,199,127	1,126,323,468
Customer Support Service	58,034,546	116,538,533
TOTAL	<u>1,770,752,393</u>	<u>2,162,147,803</u>
21. FINANCIAL EXPENSES (NET)		
Interest on:		
- Fixed Loan	659,663,275	418,296,157
- Others	217,842,683	392,130,594
	<u>877,505,958</u>	<u>810,426,751</u>
Less : Interest Received (Gross)	387,907,641	73,451,576
[TDS Rs. 2,722,330 (Rs. 4,062,865)]	<u>489,598,317</u>	<u>736,975,175</u>
Exchange Difference (Net)	-	262,368,389
Bank and Other Financial Charges	93,205,677	293,331,536
TOTAL	<u>582,803,994</u>	<u>1,292,675,100</u>

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

(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 Rental 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:

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

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

(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 March 31, 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, 2010

(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 and GDR Issue Expenses:

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

(m) Leases:

Operating Lease:

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

Finance Lease:

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

(n) Earning Per Share:

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

(o) Impairment:

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

(p) Provisions, Contingent Liabilities and Contingent Assets:

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

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

(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 subscribers of DTH Services, 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 assumptions 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. Basis of Consolidation

24.1 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.

24.2 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.

24.3 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. (Refer Note 25)

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

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

24.5 In the case of one of the subsidiaries, its management has decided in earlier years to close the major part of the business operation. In view of the closure plan, the fixed assets, current assets, loans and advances have been carried at estimated net realizable value.

25. Composite Scheme of Amalgamation and Arrangement (The Scheme)

In terms of Composite Scheme of Amalgamation and Arrangement between the Company, Agrani Satellite Services Limited (‘ASSL’) (wholly owned subsidiary of the Company), Integrated Subscriber Management Services Limited (‘ISMSL’) (wholly owned subsidiary of the Company) and their respective shareholders and creditors, it is proposed to demerge Non-DTH business of the Company into ISMSL, followed by merger of ASSL with ISMSL on appointed date i.e. March 31, 2010. ASSL, wholly owned subsidiary of Dish TV, was formed to own, establish and operate Ku band satellite system and to market and lease their bandwidth capacities. However, due to unfavorable market conditions, the satellite business is discontinued. ISMSL, another wholly owned subsidiary of Dish TV, is in the business of providing services on commercial basis pertaining to subscriber’s management including raising and collection of bills, collection and maintenance of subscriber’s information, preparation of required report and call centre activities.

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

(Currency : Indian Rupee)

In order to simplify the group structure and improve cost efficiency; the board of directors has approved the Scheme, wherein the Non-DTH related business (including equity shares in ASSL and Agrani Convergence Limited) of the Company is transferred to ISMSL followed by the merger of ASSL with ISMSL. In consideration of transfer of Non-DTH related business, ISMSL will issue and allot 100,000 equity shares of face value of Rs. 10 each to Dish TV.

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

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

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

26. Secured / Unsecured Loans

Secured Loans:

- 26.1 Term Loan from banks Rs. 2,590,700,000 (Rs. 2,590,700,000) is under syndicate debt facility and secured by all movable assets, uncalled capital, intellectual property, goodwill and all investments, all rights, title, interests of all insurance contracts (both present and future), all contracts, government approvals and licenses relating to direct to home services, all amounts in the accounts or other receivables liable to be credited to the accounts in the course of the business, all amounts and receivables from whomsoever person, both present and future in relation to 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.
- 26.2 Term Loan from a bank Rs. 1,000,000,000 (NIL) is secured by subservient hypothecation charge on whole of current assets, movable and immovable fixed assets of the Company (present and future) and unconditional and irrevocable corporate guarantee by a related party. (Amount repayable within a year Rs. 375,000,000).
- 26.3 Cash Credit of Rs. NIL (Rs. 74,604,622) is secured by first pari passu charge by way of hypothecation on moveable fixed assets of the Company and pledge of shares owned by related parties.

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

(Currency : Indian Rupee)

26.4 Vehicle loans are secured against hypothecation of vehicles (ROC charge not registered) (Amount repayable within a year Rs. 1,807,969)

Unsecured Loans:

26.5 Buyer's credit from a bank Rs. 1,348,647,896 (Rs.1,475,853,910) is guaranteed by a related party (Amount repayable within a year Rs. 546,717,624).

26.6 Buyer's credit from a bank of Rs. 1,169,046,681 (Rs. 687,170,250) is on undertaking provided by a related party and the Company has to maintain minimum reserve equivalent to three months payments of principal and interest on outstanding amount, which is guaranteed by a related party.

26.7 Term Loan from a bank Rs. 3,000,000,000 (Rs. 3,000,000,000) is guaranteed by two directors and also collaterally secured by immovable property and corporate guarantee provided by related parties. The Company to maintain debt service reserve equivalent to three months' installment and interest (Amount repayable within a year Rs. 900,000,000). Subsequent to balance sheet date, the loan is secured by second pari passu charge on entire fixed assets of the Company.

26.8 Short Term Loan from bank Rs. Nil (Rs. 1,000,000,000) is guaranteed by a related party.

27. Taxes on Income

27.1 In the absence of taxable income as per Income Tax Act, 1961 provision for current tax is not required.

27.2 In accordance with the Accounting Standard 22 on "Accounting for Taxes on Income" deferred tax assets and liabilities should be recognized for all timing difference in accordance with the said standard. However, considering the present financial position and requirements of the accounting standard regarding certainty/virtual certainty, the same is not recognized by the group except by one subsidiary. The same will be reassessed at a subsequent balance sheet date and will be recognized in the year when certainty/virtual certainty to be realized.

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

Particulars	2010	2009
Deferred Tax Assets		
Fiscal Allowances carried forward	183,055,167	156,339,867
Provision for Leave Encashment	1,298,632	—
Provision for Gratuity	1,249,264	—
Bonus	1,035,698	—
Total	186,638,761	156,339,867
Deferred Tax Liabilities		
Depreciation	167,270,768	162,157,253
Total	167,270,768	162,157,253
Deferred Tax Assets/(Liabilities)	19,367,993*	(5,817,386)

*Deferred tax assets has been recognized only to the extent of previous year deferred tax liabilities of Rs. 5,817,386.

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

(Currency : Indian Rupee)

28. Investments

28.1 Following Investments were bought and sold during the year:

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

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

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

29. Fixed Assets and Capital Work-in-Progress

29.1 Capital Work-in-Progress comprises of equipments [including consumer premises equipment (CPE)] Rs. 1,950,807,663 (Rs. 1,893,584,184), capital goods in transit Rs. 241,002,460 (Rs. 468,421,511) and capital advances Rs. 69,092,106 (Rs. 113,939,713) and pre-operative expenses Rs. 1,279,939,943 (Rs. 1,258,080,132).

29.2 The Company has commissioned a facility namely "Headend In The Sky" (HITS) on April 1, 2009 for providing television channels in digital form directly to MSO and Cable Operators. The expenses incurred on the project during the construction and trial run period (net of revenue) till March 31, 2009 as per detail given below, have been capitalized over the related assets. The Company has suspended its operations with effect from March 31, 2010 and surrendered the license. The fixed assets including capital work-in-progress of the HITS along with security deposits received are proposed to be transferred to its wholly owned subsidiary pursuant to the Composite Scheme of Amalgamation and Arrangement (Refer Note 25).

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

(Currency : Indian Rupee)

Particulars	2010	2009
Opening Balance	482,319,683	NIL
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 Funds	-	105,534
Staff Welfare	-	35,894
Rent	-	403,173
Electricity Charges	-	216,644
Communication Expenses	-	370,856
	482,319,683	483,568,998
Less: Revenue received during trial run period	-	1,249,315
Total	482,319,683	482,319,683
Less: Capitalized to fixed assets	482,319,683	-
Balance	-	482,319,683

29.3 Capital Work-in-Progress includes pre-operative expenses of Rs. 1,279,939,943 (Rs. 1,258,080,132) related to one of the subsidiaries which was implementing the satellite service project, as per detail given below. All the expenses for implementing the satellite project are taken to preoperative expenses.

Particulars	2010	2009
Expenditure upto Previous Year	1,258,080,132	1,259,771,320
Salary and Allowances	3,839,739	8,282,910
Contribution to Provident and Other Funds	92,873	215,141
Staff Welfare Expenses	40,577	142,639
Rent	194,208	460,294
Rates and Taxes	15,596	108,387
Insurance	1,600	43,713
Communication Expenses	88,609	157,040
Electricity Charges	44,223	87,809
Printing and Stationery	41,392	93,711
Repair and Maintenance – Others	41,327	4,316
Legal and Professional Expenses	1,221,501	1,243,944
Travelling and Conveyance Expenses	191,108	1,632,065
Depreciation	148,420	253,782
Loss on sale/discard of Fixed Assets	325,856	39,017
Miscellaneous Expenses (Net)	1,317,717	1,282,421
Remuneration to Auditors		
For Audit fees	110,300	145,050
For other matters	100,373	28,678
Interest Expenses	245,823,909	-
Other Financial Charges	1,532,943	2,014,953
Business Promotion Expenses	-	50,804
Provision for Fringe Benefit Tax	-	126,854
Provision for Income Tax	-	7,992,872
	1,513,252,403	1,284,177,720
Less: Interest received	223,409,742	26,097,588
Less: Liability Written Back	1,909,846	-
Less: Excess Provision for Previous Year Income Tax written back	7,992,872	-
Total	1,279,939,943	1,258,080,132

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

(Currency : Indian Rupee)

30. Other Disclosures

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

30.2 Prior period expenses included in the respective expense heads are as under:

Particulars	2010	2009
A) Income		
Interest Income	-	8,053,946
Total Income	-	8,053,946
B) Expenses		
Electricity Charges	7,825	-
Communication Expenses	428	(31,383)
Miscellaneous Expenses	-	9,652,586
Advertisement and Publicity Expenses	-	2,902,237
Commission	1,314,379	89,247
Travelling and Conveyance	29,316	60,778
Repairs and Maintenance-Plant and Machinery	-	544
Interest	-	1,661,705
Freight, Cartage and Demurrage	72,700	5,847
Legal & Professional Expenses	103,692	3,637
Fees, Rates and Taxes	46,336	52,842
Business Promotion Expenses	36,400	52,459
Depreciation / Amortization	45,172	-
Total Expenses	1,656,248	14,450,499
Net Income/(Expense) (A-B)	(1,656,248)	(6,396,553)

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

30.4 Creditors for Expenses and Other Liabilities includes cheque overdrawn Rs. NIL (Rs. 128,441,287).

30.5 Loans and Advances

30.5.1 Other Advances includes Rs. 1,208,430,395 (Rs. 1,208,430,395) due from foreign companies acquired as part of multi mission satellite system project considered as doubtful in earlier years and provided for.

30.5.2 Loans include Rs. 1,025,766,183 (Rs. 957,267,575) and Other Advances includes Rs. 240,018,763 (Rs. 216,317,469) are overdue. However in the opinion of the management these amounts are recoverable.

30.5.3 Other Advances includes Rs. 1,570,066,165 (Rs. 1,411,441,164) paid to a related party under an agreement for arranging security for loan avail from bank.

30.6 Foreign Currency Transaction:

30.6.1 The foreign exchange gain (net) of Rs. 54,757,575 [loss (net) of Rs. 262,368,389] resulting from settlement and realignment of foreign exchange transaction has been adjusted to Profit and Loss Account. Foreign currency exchange gain of Rs. 27,094,647 is decapitalized (exchange loss of Rs. 178,083,500 is capitalized) under fixed assets and gain of Rs. 1,577,484 decapitalized (loss of Rs. 18,846,610 capitalized) under capital work-in-progress as explained below in Note 30.6.2.

30.6.2 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 decapitalized exchange gain of Rs. 275,134,790 [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.

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

(Currency : Indian Rupee)

30.7 Employee Stock Option Plan – ESOP-2007

The shareholders of the Company at the Annual General Meeting held on August 3, 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 outstanding options. Consequently the Remuneration Committee in its meeting held on August 28, 2008 has re-priced the exercise price at Rs. 37.55 per option, determined as per SEBI (ESOS) Guidelines, 1999.

The Board of Directors decided not to make any price adjustment on account of rights issue as there was no material impact on options granted to employees of the Company.

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

Particulars	Lot 1			Lot 2		Lot 3		Lot 4	Lot 5
	2009-2010	2008-09	2007-08	2009-10	2008-09	2009-10	2008-09	2009-10	2009-10
Date of grant	August 21, 2007			April 24, 2008		August 28, 2008		May 28, 2009	October 27, 2009
Number of options granted	3,073,050			184,500		30,000		589,200	160,900
Market value on the date of grant (Rs.) (per share)	75.20	75.20	75.20	63.95	63.95	37.55	37.55	47.65	41.45
Exercise price (Rs.) (per share)	37.55	37.55	75.20	37.55	37.55	37.55	37.55	47.65	41.45
Re-pricing (Rs.) (per share)	37.55	37.55	37.55	37.55	37.55	-	-	-	-
Options outstanding at the beginning of the year (Nos.)	1,436,550	2,926,150	-	-	-	30,000	-	-	-
Add: Options granted (Nos.)	-	-	3,073,050	-	184,500	-	30,000	589,200	160,900
Less: Options exercised (Nos.)	12,080	-	-	-	-	-	-	-	-
Options cancelled (Nos.)	-	-	-	-	-	-	-	-	-
Options lapsed (Nos.)	18,120	1,489,600	146,900	-	184,500	-	-	132,150	-
Options forfeited (Nos.)	-	-	-	-	-	-	-	-	-
Options expired (Nos.)	-	-	-	-	-	-	-	-	-
Options outstanding at the year end (Nos.)	1,406,350	1,436,550	2,926,150	-	-	30,000	30,000	457,050	160,900

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

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

(Currency : Indian Rupee)

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

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

30.9 Deposit with financial institution Rs. 2,000,000,000 (NIL) represents deposit with SICOM Limited, which is deposited out of Rights Issue proceeds. Maximum outstanding during the year Rs. 2,000,000,000 (NIL).

30.10 A subsidiary of the company has paid remuneration Rs. 1,050,000 to a relative of directors, which is subject to approval of shareholders in the ensuing annual general meeting.

30.11 Financial Statements of Subsidiaries

The Ministry of Corporate Affairs, Government of India vide its order No. 47/116/2010-CL-III dated March 18, 2010 issued under Section 212 (8) of the Companies Act, 1956 ("The Act") has exempted the Company from attaching the Balance Sheets and Profit and Loss Accounts of its subsidiaries under Section 212 (1) of the Act. As per the Order, key details of each subsidiary are attached along with statements under Section 212 (1) of the Act.

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

31. Capital Commitment

Estimated amount of contract remaining to be executed on capital account and not provided for (Net of advance) is Rs. 325,421,062 (Rs. 1,560,397,695).

32. Contingent Liabilities not provided for

32.1 Particulars	2010	2009
Guarantees given by Banks [Includes Rs. 400,000,000 (Rs. 488,860,000) guaranteed by a related party]	400,455,000	604,615,000
Claim against the Company not acknowledged as debt	43,577,609	43,999,609
Sales Tax and Value Added Tax demands	89,864,314	36,878,365
Entertainment Tax demands	101,520,074	91,995,090
Legal cases against the Company	Unascertained	Unascertained

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

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

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

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

(Currency : Indian Rupee)

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

33. LEASES

33.1 Operating Lease

33.1.1 In respect of assets taken on operating lease:

The Group's significant leasing arrangements are in respect of operating leases taken for offices, residential premises, transponder etc. These leases are cancellable 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 108 months. The details of assets taken on operating lease during the period are as under:

Particulars	2010	2009
Lease rental charges for the year(net of shared cost)	1,121,069,935	615,695,743
Lease rental charges capitalized during the year	-	464,799,425
Sub-lease payment received	115,808,590	85,899,947
Future Lease Rental obligation payable (under non-cancellable lease)		
Not later than one year	11,300,163	383,756,707
Later than one year but not later than five years	46,095,748	377,361,320
More than five years	15,366,081	27,222,458

33.1.2 In respect of assets given under operating lease:

The Company has leased out assets by way of operating lease and as on March 31, 2010 the gross book value of such assets, its accumulated depreciation and depreciation for the year is as given below. The total lease income for the year is Rs. 1,500,742,489 (Rs. 1,007,177,287).

Particulars	2010	2009
Gross Value of the Assets	14,674,925,973	11,398,398,934
Accumulated Depreciation	5,828,203,859	3,621,525,649
Depreciation for the year	2,734,052,663	1,905,842,388
Future Lease Rental Receivable (under non-cancelable lease)		
Not later than one year	1,730,913,587	1,273,653,699
Later than one year but not later than five years	1,658,630,420	2,146,323,077
More than five years	-	-

33.2 Finance Lease:

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

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

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

(Currency : Indian Rupee)

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

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

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

34. Rights Issue

34.1 The Company during the financial year ended March 31, 2009 issued 518,149,592 partly paid up equity shares of Re. 1 each at a premium of Rs. 21 per share for cash to the existing equity shareholders on the record date. The terms of payment were as under:

Particulars	Total amount due (per share)	Towards Share Capital (per share)	Towards Securities Premium (per share)	Total Amount	Due on (after the date of allotment, at the option of the Company)	Date of making the Call
On Application	6.00	0.50	5.50	3,108,897,552	Along with application	N.A
On First Call	8.00	0.25	7.75	4,145,196,736	After 3 months but within 9 months	The Board at its meeting held on June 18, 2009 decided to make the First Call, payable on or before July 31, 2009
On Second Call	8.00	0.25	7.75	4,145,196,736	After 9 months but within 18 months	The Board at its meeting held on January 22, 2010 decided to make the Second and Final Call, payable on or before March 1, 2010
Total	22.00	1.00	21.00	11,399,291,024		

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

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

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

(Currency : Indian Rupee)

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

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

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

35.1 Pursuant to the approvals obtained by the Company and in accordance with the applicable law including the Foreign Currency Convertible Bonds and Ordinary Shares (Through Depository Receipts Mechanism) Scheme, 1993, as amended, the Global Depository Receipts (GDR) Offer of the Company for 117035 GDR's opened for subscription on November 23, 2009 at a price of US \$ 854.50 per GDR representing 1000 equity shares.

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

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

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

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

*After adjustment for unrealized exchange loss of Rs. 69,369,904

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

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

(Currency : Indian Rupee)

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

Sr. No	Name of the Enterprise	Balance as on March 31, 2010	Maximum Outstanding during the year	Balance as on March 31, 2009	Maximum Outstanding during the year
a)	Loans and Advances given to Companies in which Directors are interested				
	Rama Associate Limited	1,100,000	1,100,000	-	-
b)	Loans and Advances, where there is no repayment schedule				
1	EsseL Agro Private Limited	1,095,580,278	2,263,395,148	2,263,395,148	2,263,395,148
2	ASC Telecommunication Limited	170,204,668	170,204,668	160,189,897	160,189,897

37. Related Party Disclosures

37.1 List of parties where control exists:

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

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

Afro Asian Satellite Communication (Gibraltar) Limited, Afro Asian Satellite Communication (U.K.) Limited, Agrani Satellite Communication (Gibraltar) Limited, Agrani Telecom Limited, ASC Telecommunication Limited, Asia Today Limited, Brio Academic infrastructure and Resources Management Private Limited, Churu Trading Company Private Limited, Cornershop Entertainment Company Private Limited, EsseL International Limited, EsseL Sports Private Limited, Dakshin Media Gaming Solutions Private Limited, Diligent Media Corporation Limited, E City Entertainment (I) Private Limited, E-city Property Management and Services Private Limited., EsseL Agro Private Limited, EsseL Corporate Services Private Limited, EsseL Infraprojects Limited, EsseL Shyam Technology Limited, ETC Networks Limited, Indian Cable Net Company Limited, Interactive Tradex India Private Limited, Intrex Tradex Private Limited, ITZ Cash Card Limited, Intrex India Limited, Mumbai Football Club Private Limited, Pan India Network Investment Private Limited, Pan India Network Private Limited, Prajatma Trading Company Private Limited, Premier Finance & Trading Co. Limited, Procall Private Limited, Quickcalls Private Limited, Rama Associates Limited, Wire and Wireless (India) Limited, Taj Television India Private Limited, Zee Akash News Private Limited, Zee Entertainment Enterprises Limited, Zee Multimedia Worldwide Mauritius Limited, Zee News Limited, Zee Turner Limited.

Managing Director: - Mr. Jawahar Lal Goel

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

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

(Currency : Indian Rupee)

37.3 Transaction with Related Parties:

Particular	2010		2009	
	Total Amount (Rs.)	Amount for Major Parties	Total Amount (Rs.)	Amount for Major Parties
With Other Related Parties:				
Sales, Services & Recoveries (Net of Taxes)	172,082,992		140,664,282	
Zee Entertainment Enterprises Limited		18,263,527		33,805,402
Zee News Limited		54,180,191		34,113,426
Asia Today Limited		86,479,990		52,080,294
Wire and Wireless India Limited		-		-
Others Related Parties		13,159,284		20,665,160
Purchase of Goods & Services	1,491,289,153		1,370,548,005	
Zee Turner Limited		937,712,772		960,000,062
Zee Entertainment Enterprises Limited		322,813,783		208,547,383
ITZ Cash Card Limited		86,110,358		131,194,029
Others Related Parties		144,652,240		70,806,531
Rent Paid	27,938,160		27,683,088	
Zee Entertainment Enterprises Limited		25,132,320		25,132,320
Rama Associates Limited		2,805,840		2,550,768
Others Related Parties		-		-
Interest Paid	73,198,376		327,022,831	
Zee Entertainment Enterprises Limited		71,901,370		68,917,282
Rupee Finance and Management Private Limited		-		4,231,238
Churu Trading Company Private Limited		-		238,734,832
Others Related Parties		1,297,006		15,139,479
Interest Received	441,587,112		86,981,752	
Essel Agro Private Limited		207,268,837		53,537,828
ASC Telecommunication Limited		9,824,771		9,178,078
Pan India Network Private Limited		222,974,316		20,139,134
Others Related Parties		1,519,188		4,126,712
Purchase of Fixed Assets	85,422,846		72,073	
Essel International Limited		-		-
Wire and Wireless India Limited		85,422,846		72,073
Sharing of Expenses Payable	22,251,531		28,938,170	
ASC Telecommunication Limited		2,350,000		6,684,902
Zee Entertainment Enterprises Limited		18,393,396		18,829,165
ITZ Cash Card Limited		-		-
Others Related Parties		1,508,135		3,424,103
Sharing of Expenses Receivable	867,932		912,467	
Zee Entertainment Enterprises Limited		-		631,000
Zee Turner Limited		691,130		178,578
ITZ Cash Card Limited		-		-
Others Related Parties		176,802		102,889

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

(Currency : Indian Rupee)

Particular	2010		2009	
	Total Amount (Rs.)	Amount for Major Parties	Total Amount (Rs.)	Amount for Major Parties
Loan, Advance and Deposit Taken	875,000		4,394,865,685	
Zee Entertainment Enterprises Limited		-		2,430,000,000
Churu Trading Company Private Limited		-		617,855,685
Rupee Finance and Management Private Limited		-		250,000,000
Zee News Limited		-		692,500,000
Others Related Parties		875,000		404,510,000
Repayment of Loan, Advance and Deposit Taken	2,456,413,030		5,218,141,293	
Churu Trading Company Private Limited		-		3,617,855,685
Zee Entertainment Enterprises Limited		2,430,000,000		432,360,984
Rupee Finance and Management Private Limited		-		290,366,648
Zee News Limited		-		692,500,000
Others Related Parties		26,413,030		185,057,976
Loan, Advance and Deposit Given	577,327,834		4,783,792,105	
ITZ Cash Card Limited		99,922,142		50,446,825
Churu Trading Company Private Limited		470,000,000		2,835,255,685
Essel Agro Private Limited		2,162,415		1,253,200,000
Others Related Parties		5,243,277		644,889,595
Refund Received against Loan, Advance and Deposit Given	1,372,873,889		2,065,696,685	
Churu Trading Company Private Limited		119,858,458		1,425,255,685
Pan India Network Infravest Private Limited		-		248,391,000
Essel Agro Private Limited		1,250,000,000		14,550,000
Others Related Parties		3,015,431		377,500,000
Corporate Guarantee received	1,000,000,000		2,852,950,000	
Zee Entertainment Enterprises Limited		1,000,000,000		2,852,950,000
Release of Corporate Guarantee received	1,084,000,000		627,480,715	
Zee Entertainment Enterprises Limited		1,084,000,000		627,480,715
Collateral Security & Corporate Guarantee for Loan Taken from Bank provided by Essel Infraprojects Limited and Rama Associates Limited:	-		3,000,000,000	
Amount Written Back	5,401,750		8,593,891	
Zee Turner Limited		-		8,205,850
Zee Multimedia Worldwide Mauritius Limited		5,401,750		-
Others Related Parties		-		388,041
Amount Written Off	3,243,874		352,907	
ITZ Cash Card Limited		-		352,907
Zee Turner Limited		-		-
Wire and Wireless India Limited		3,242,153		-
Others Related Parties		1,721		-

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

(Currency : Indian Rupee)

Particular	2010		2009	
	Total Amount (Rs.)	Amount for Major Parties	Total Amount (Rs.)	Amount for Major Parties
Remuneration to Key Management Personnel	6,587,032		6,174,000	
Jawahar Lal Goel (Managing Director)		6,587,032		6,174,000
Balance at the end of period:				
With Other Related Parties:				
Loan, Deposit and Advances Given	4,696,110,481		5,224,649,137	
Afro Asian Satellite Comm. (UK) Limited		376,881,821		376,881,821
Afro Asian Satellite Comm. (Gib.) Limited		827,708,050		827,708,050
Essel Agro Private Limited		1,095,580,278		2,263,395,148
Churu Trading Company Private Limited		1,987,118,049		1,436,299,622
Others Related Parties		408,822,283		320,364,496
Provision outstanding against advances given & Debtors	1,226,597,671		1,226,597,671	
Afro Asian Satellite Comm. (UK) Limited		376,881,821		376,881,821
Afro Asian Satellite Comm. (Gib.) Limited		827,708,050		827,708,050
Interactive Tradex Private Limited		10,136,508		10,136,508
Others Related Parties		11,871,292		11,871,292
Loan, Deposit and Advances Taken	411,379,634		2,870,200,259	
Churu Trading Company Private Limited		-		-
Zee Entertainment Enterprises Limited		231,521,818		2,430,021,818
Others Related Parties		179,857,816		440,178,441
Creditors for expenses and other liabilities	1,624,315,585		2,186,077,413	
Zee Entertainment Enterprises Limited		121,734,980		65,120,441
Zee Turner Limited		1,374,542,186		2,107,062,984
Essel International Limited		-		-
Others Related Parties		128,038,419		13,893,988
Debtors	292,585,241		461,250,407	
Asia Today Limited		106,641,178		74,888,174
Zee News Limited		19,888,296		76,174,061
Zee Entertainment Enterprises Limited		51,749,233		236,530,896
Wire and Wireless India Limited		-		8,883,465
Others Related Parties		114,306,534		64,773,811
Collateral Security & Corporate Guarantee for Loan Taken from Bank provided by Essel Infraprojects Limited and Rama Associates Limited	3,000,000,000		3,000,000,000	
Corporate Guarantee Received	3,222,030,089		3,306,030,089	
Zee Entertainment Enterprises Limited		3,222,030,089		3,306,030,089

Note: Major 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, 2010

(Currency : Indian Rupee)

38. Earning per Share (EPS)

Particulars	2010	2009
Profit/(Loss) After Tax	(2,622,046,089)	(4,806,958,233)
Weighted Average Number of Equity Shares of Re. 1 each (Nos.)	820,536,923	475,362,442
Basic and Diluted earnings per share	(3.20)	(10.11)

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

39. Segment Information as per AS 17

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

As per our attached report of even date

For and on behalf of Board of Directors

L. K. Shrishrimal

Partner

Membership No. 72664

For and on behalf of

MGB & Co

Firm Registration No. 101169W

Chartered Accountants

Place : Noida

Dated : October 26, 2010

Jawahar Lal Goel

Managing Director

B D Narang

Director

Rajeev K Dalmia

Chief Financial Officer

Ranjit Singh

Company Secretary

Consolidated Cash Flow Statement for the year ended March 31,

(Currency : Indian Rupee)

Particulars	2010	2009
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit/(Loss) before taxation	(2,628,044,384)	(4,801,255,410)
Adjustments for :		
Depreciation /Amortization	3,227,304,830	2,288,598,834
Loss on sale/ discard of Fixed Assets	80,232,080	9,197,276
Profit on Sale of Fixed Assets	-	(81,987)
Provision for Doubtful Debts	8,848,387	1,357,536
Profit on Redemption of units of Mutual Funds	(1,413,550)	-
Exchange Adjustments (Net)	65,622,221	101,441,388
Interest Expenses	877,505,958	810,426,751
Interest Income	(387,907,641)	(73,451,576)
Amount Written Off (Net)	8,187,519	-
Operating Profit/(Loss) before working capital changes	1,250,335,420	(1,663,767,188)
Adjustments for :		
(Increase)/Decrease in Inventories	4,355,128	26,162,474
(Increase)/Decrease in Trade and Other Receivables	2,571,460,454	(4,843,713,657)
Increase/(Decrease) in Trade and Other Payables	(1,459,065,032)	4,180,917,503
Cash Generated from Operations	2,367,085,970	(2,300,400,868)
Direct Taxes Paid (Net)	36,383,800	24,492,510
Net Cash Flow from Operating Activities	2,330,702,170	(2,324,893,378)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchases of Fixed Assets/ CWIP	(5,096,250,161)	(5,476,529,271)
Proceeds from Sale of Fixed Assets	1,024,934	2,963,535
Direct Taxes Paid for Investing purpose (Net)	(22,401,147)	(6,068,310)
Purchases of Investments	(6,560,518,316)	-
Proceeds from Sale of Investments	5,000,876,180	-
Deposit with Financial Institutions	(2,000,000,000)	-
Loan Given to Others	(471,405,000)	(581,935,040)
Loan Repaid by Others	96,835,445	580,891,000
Interest Received	316,752,780	9,264,610
Net Cash Flow from Investing Activities	(8,735,085,285)	(5,471,413,476)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Interest Paid	(979,181,867)	(887,043,752)
Proceeds from Issue of Equity Share Capital including Securities Premium	12,905,672,620	3,108,897,552
Share Call Money	5,482,761	-
Share Issue Expenses	(66,432,844)	(31,951,867)
Proceeds from Long Term Borrowing	1,598,396,848	7,154,420,642
Proceeds from Lease Finance	1,271,099,989	-
Repayment of Lease Finance availed	(3,355,925)	-
Proceeds/(Repayment) of Vehicle Loan (Net)	25,189	909,659
Proceeds from Short Term Borrowing	339,984,410	5,311,022,612
Repayment of Short Term Borrowing	(3,853,007,907)	(6,566,095,714)
Net Cash Flow from Financing Activities	11,218,683,274	8,090,159,132
D.		
Effect of exchange difference on translation of foreign currency cash and cash equivalents	(69,379,132)	-
Net Cash Flow during the year (A+B+C+D)	4,744,921,027	293,852,278
Cash and Cash Equivalents at the beginning of the year	805,302,304	511,450,026
Cash and Cash Equivalents at the end of the year	5,550,223,331	805,302,304
Cash and Cash Equivalents at the end of the year comprises of :		
Cash in Hand	2,544,576	4,672,127
Balances with Scheduled Banks in Current Accounts in Indian Rupees	2,987,992,751	495,110,802
Balances with Scheduled Banks in Current Accounts in Foreign Currency	4,654,050	-
Balances with Scheduled Banks in Deposit Accounts	993,643	973,172
Balances with Scheduled Banks in Fixed Deposit/Margin Accounts (Pledged/ under lien with banks and others)	390,663,319	304,447,627
Balances with Non-Scheduled Banks in Current Accounts in Foreign Currency	130,904,330	-
Balances with Non-Scheduled Banks in Deposit Accounts in Foreign Currency	2,029,558,944	-
Cheques in hand	2,911,718	98,576
Total Cash and Cash Equivalents	5,550,223,331	805,302,304

Notes :

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

As per our attached Report of even date

L. K. Shrishrimal

Partner

Membership No. 72664

For and on behalf of

MGB & Co

Firm Registration No. 101169W

Chartered Accountants

Place : Noida

Dated : October 26, 2010

For and on behalf of the Board

Jawahar Lal Goel

Managing Director

Rajeev K Dalmia

Chief Financial Officer

B D Narang

Director

Ranjit Singh

Company Secretary