

# Auditors' Report

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## **Auditors' report to the Board of Directors of Dish TV India Limited on the consolidated financial statements of Dish TV India Limited and its subsidiary**

1. We have audited the attached Consolidated Balance Sheet of Dish TV India Limited ('the Company') and its subsidiary (collectively referred to as 'the Group') as at 31 March 2011 and also the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement (collectively referred to as 'consolidated financial statements') for the year ended on that date, annexed thereto. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. The financial statements of Integrated Subscribers Management Services Limited (the 'subsidiary') whose financial statements reflect total assets of ₹ 1,265,038,966 as at 31 March 2011 and total revenues of ₹ 1,303,108,604 and net cash flows amounting to ₹ 68,957,360 for the year then ended, have been audited by other auditor. The audit report for the above mentioned subsidiary has been furnished to us and our opinion, insofar as it relates to the amounts included in respect of the subsidiary, is based solely upon the report of the other auditor.
4. We report that the consolidated financial statements have been prepared by the Company's management in accordance with the requirements of Accounting Standard (AS) 21, "Consolidated Financial Statements" and

on the basis of the separate audited financial statements of the Company and its subsidiary, included in the consolidated financial statements.

5. *The life of the Consumer Premise Equipment (CPE) for the purposes of depreciation has been estimated by the management as five years. However, in certain cases, the one-time advance contributions towards the CPEs in the form of rentals are recognized as revenue over a period of three years, which is not in line with the estimated life of such assets. Had the rentals been recognized over the estimated life of these assets, in terms of AS-19, 'Leases', though the impact of which on the consolidated financial statements has not been ascertained by the management refer to note 12(b) of schedule 23;*
6. *Attention is invited to note 4 of schedule 23 which explains in details the accounting treatment followed by the Company on implementation of the Composite Scheme of Amalgamation and Arrangements between the Company and two of its subsidiary companies ('the Scheme'), duly approved by the High Court of Delhi. The Scheme envisaged that the excess of the book value of net assets of non- DTH related business, transferred to a subsidiary company, over the consideration received, is adjusted directly in the 'General reserve' during the current year, instead of accounting for impairment of fixed assets, as required by Accounting Standard (AS) 28, "Impairment of Assets", in the Consolidated Profit and Loss Account in the previous year. Had the Company followed the above Standard in the previous year, the loss on impairment of the above fixed assets would have been adjusted in the Consolidated Profit and Loss Account and loss for the previous year and the debit balance in the Consolidated Profit and Loss Account as at 31 March 2010 would have been higher by ₹ 1,743,523,943.*

*The aforesaid loss on impairment of fixed assets has not been recognised even in the current year as a prior period item. Instead, during the current year, on implementation of the Scheme, the Group has adjusted ₹ 1,511,023,943 directly against the General Reserve in the consolidated financial statements and has recognized a goodwill of ₹ 232,500,000 which, according to the information and explanations given to us, does not have any future economic benefit,*

though not impaired as required by AS 28. Had the Company accounted for the impairment of fixed assets/ goodwill, the loss for the year and the debit balance in the Consolidated Profit and Loss Account at the end of the year would have been higher by ₹ 1,743,523,943. This was a subject matter of audit qualification, to the extent mentioned above, in the consolidated financial statement for the year ended on 31 March 2010 also; and

- 7 During the year, the Company received a demand notice for income tax and interest thereon aggregating ₹ 4,05,614,101 in relation to an earlier year. The matter pertains to short deduction of tax at source on certain payments and interest thereon for delayed period. The Company has disputed the abovesaid demand and has filed an appeal against the same with the tax authorities. The Company, based on a legal view obtained in the matter, has not made any provision in the financial statements and has not assessed the impact of the above position on the subsequent years. Pending final conclusion, we are unable to comment on the matter and its consequent impact on the Consolidated Profit and Loss Account for the year and the debit balance in the Consolidated Profit and Loss Account at the end of the year [Refer to note 3 (b) of schedule 23].

Subject to our comments in paragraphs ,5 6 and 7 above, the impact if which, to the extent

ascertained, has been explained therein, based on our audit, and to the best of our information and according to the explanations given to us, and on consideration of report of other auditor on separate financial statements of the subsidiary, in our opinion the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India, in the case of:

- (i) the Consolidated Balance Sheet, of the state of affairs of the Group as at 31 March 2011;
- (ii) the Consolidated Profit and Loss Account, of the loss of the Group for the year ended on that date; and
- (iii) the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

For **B S R & Co.**  
Chartered Accountants  
Firm Registration No.: 101248 W

**Kaushal Kishore**  
Partner  
Membership No.: 090075

Place: Gurgaon  
Date: 23 May 2011

# Consolidated Balance Sheet as at 31 March 2011

(All amounts in Rupees)

	Schedule	As at 31 March 2011	As at 31 March 2010
<b>Sources of Funds</b>			
<b>Shareholders' funds</b>			
Share capital	1	1,062,975,747	1,062,070,492
Reserves and surplus	2	15,314,033,961	15,282,337,772
		<u>16,377,009,708</u>	<u>16,344,408,264</u>
<b>Loan funds</b>			
Secured loans	3	10,763,078,451	9,142,931,954
Unsecured loans	4	-	179,258,000
		<u>10,763,078,451</u>	<u>9,322,189,954</u>
<b>Total</b>		<u><u>27,140,088,159</u></u>	<u><u>25,666,598,218</u></u>
<b>Application of Funds</b>			
<b>Fixed assets</b>			
Gross block	5	25,130,665,083	18,344,077,245
Less: Accumulated depreciation/amortisation		10,693,597,986	7,297,895,506
Net block		<u>14,437,067,097</u>	<u>11,046,181,739</u>
Capital work-in-progress including capital advances		4,580,307,513	3,540,510,375
		<u>19,017,374,610</u>	<u>14,586,692,114</u>
<b>Investments</b>	6	2,000,000,000	3,561,081,188
<b>Current assets, loans and advances</b>			
Inventories	7	44,401,825	27,799,312
Sundry debtors	8	226,546,993	359,040,400
Cash and bank balances	9	3,385,041,847	5,550,223,331
Other current assets	10	19,025,301	6,757,457
Loans and advances	11	2,538,590,003	4,959,116,125
		<u>6,213,605,969</u>	<u>10,902,936,625</u>
<b>Less: Current liabilities and provisions</b>			
Current liabilities	12	13,076,749,741	14,242,755,585
Provisions	13	3,021,189,768	1,717,545,247
		<u>16,097,939,509</u>	<u>15,960,300,832</u>
<b>Net current liabilities</b>		<u>(9,884,333,540)</u>	<u>(5,057,364,207)</u>
<b>Debit balance of Profit and Loss Account</b>	14	16,007,047,089	12,576,189,123
<b>Total</b>		<u><u>27,140,088,159</u></u>	<u><u>25,666,598,218</u></u>
<b>Significant accounting policies and notes to the accounts</b>	23		

The accompanying schedules form an integral part of the consolidated financial statements.

As per our report attached

For **B S R & Co.**  
Chartered Accountants  
Firm Registration No. 101248W

For and on behalf of the Board of Directors of  
**Dish TV India Limited**

**Kaushal Kishore**  
Partner  
Membership No. 090075

**Jawahar Lal Goel**  
Managing Director

**B. D. Narang**  
Director

**Rajeev K. Dalmia**  
Chief Financial Officer

**Ranjit Singh**  
Company Secretary

Place : Gurgaon  
Dated : 23 May 2011

Place : Noida  
Dated : 23 May 2011

# Consolidated Profit and Loss Account for the year ended 31 March 2011

(All amounts in Rupees)

	Schedule	For the year ended 31 March 2011	For the year ended 31 March 2010
<b>Income</b>			
Sales and services	15	14,366,626,320	10,849,951,014
Other income *	16	1,226,171,630	453,182,577
		<b>15,592,797,950</b>	<b>11,303,133,591</b>
<b>Expenditure #</b>			
Cost of traded goods	17	22,650,214	23,586,955
Operating expenses	18	7,838,289,494	6,901,961,552
Personnel cost	19	760,872,585	513,587,986
Administration and other expenses	20	792,636,464	523,350,103
Selling and distribution expenses	21	2,571,742,003	1,770,752,393
Financial expenses	22	1,533,847,475	970,711,635
Depreciation/amortisation	5	3,995,527,797	3,227,304,830
		<b>17,515,566,032</b>	<b>13,931,255,454</b>
<b>Loss before taxation</b>		<b>1,922,768,082</b>	<b>2,628,121,863</b>
Provision for income tax			
- Deferred tax (refer to Note 16 of Schedule 23)		-	(5,817,386)
- Excess provision in earlier years written back		(2,934,059)	(258,388)
<b>Loss for the year</b>		<b>1,919,834,023</b>	<b>2,622,046,089</b>
Basic and diluted earnings per equity share (in ₹) [Face value ₹ 1 each] [refer to Note 15 of Schedule 23]		<b>(1.81)</b>	<b>(3.20)</b>
<b>Significant accounting policies and notes to the accounts</b>	23		

The accompanying schedules form an integral part of the consolidated financial statements.

\* includes prior period income of ₹ 31,136,172 (previous year ₹ 22,849,593), refer to Note 17 of Schedule 23

# includes prior period expenses of ₹ 101,800,189 (previous year ₹ 1,570,056), refer to Note 17 of Schedule 23

As per our report attached to the Balance Sheet

For **B S R & Co.**

Chartered Accountants

Firm Registration No. 101248W

For and on behalf of the Board of Directors of  
**Dish TV India Limited**

**Kaushal Kishore**

Partner

Membership No. 090075

**Jawahar Lal Goel**

Managing Director

**B. D. Narang**

Director

**Rajeev K. Dalmia**

Chief Financial Officer

Place : Noida

Dated : 23 May 2011

**Ranjit Singh**

Company Secretary

Place : Gurgaon

Dated : 23 May 2011

# Consolidated Cash Flow Statement for the year ended 31 March 2011

	For the year ended 31 March 2011	For the year ended 31 March 2010
<b>A. Cash flows from operating activities</b>		
Net loss before tax	(1,922,768,082)	(2,628,121,863)
Adjustments for :		
Depreciation/amortisation	3,995,527,797	3,227,304,830
Loss on sale/discard of fixed assets	172,565,471	80,232,080
Profit on sale/discard of fixed assets	(2,318)	-
Profit on sale of investment in subsidiary	(184,904,276)	-
Provision for doubtful debts	-	8,848,387
Profit on redemption of units of mutual funds	(35,672,797)	(1,413,550)
Foreign exchange fluctuation (net)	37,780,559	65,622,221
Provision for marked to market loss on derivatives	12,448,574	-
Miscellaneous income	(31,136,174)	-
Interest expense	1,302,043,112	877,505,958
Interest income	(858,570,858)	(387,907,641)
<b>Operating Loss before working capital changes</b>	<b>2,487,311,007</b>	<b>1,242,070,422</b>
Adjustments for :		
(Increase)/decrease in inventories	(16,602,513)	4,355,128
Decrease in sundry debtors	123,865,193	153,384,745
Decrease in loans and advances	5,319,382,301	2,418,075,709
Decrease in trade and other payables	(3,824,767,873)	(1,450,877,513)
<b>Cash generated from operations</b>	<b>4,089,188,116</b>	<b>2,367,008,491</b>
Income taxes paid	140,844,747	36,306,321
<b>Net cash flow from operating activities</b>	<b>3,948,343,369</b>	<b>2,330,702,170</b>
<b>B. Cash flows from investing activities</b>		
Purchases of fixed assets (including capital work in progress)	(10,052,191,051)	(5,096,250,161)
Proceeds from sale of fixed assets	1,909,507	1,024,934
Direct tax paid for investment purpose (net)	-	(22,401,147)
Purchases of investments	(5,924,095,575)	(6,560,518,316)
Proceeds from sale of investments	7,520,824,060	5,000,876,180
Sale of investment in subsidiary	1,000	-
Loan given to body corporates	(7,900,000)	(471,405,000)
Refund of loans given to body corporates	875,561,515	96,835,445
Deposit with financial institution	-	(2,000,000,000)
Interest received	836,810,122	316,752,780
<b>Net Cash flow used in investing activities</b>	<b>(6,749,080,422)</b>	<b>(8,735,085,285)</b>
<b>C. Cash flows from financing activities</b>		
Interest paid	(1,151,780,429)	(979,181,867)
Proceeds from issue of capital/call money received	32,601,444	12,905,672,620
Advance call money on shares	23,434,715	5,482,761
Share issue expenses	-	(66,432,844)
Proceeds from long term borrowings	3,578,752,214	1,598,396,848
Repayments of long term borrowings	(1,825,241,896)	-
Proceeds from lease finance	-	1,271,099,989
Repayment of lease finance availed	-	(3,355,925)
Proceeds/(repayment) of vehicle loans	(2,338,769)	25,189
Proceeds from short term borrowings	-	339,984,410
Repayments of short term borrowings	-	(3,853,007,907)
<b>Net cash flow from financing activities</b>	<b>655,427,279</b>	<b>11,218,683,274</b>
<b>D. Effect of exchange difference on translation of foreign currency cash and cash equivalents</b>	<b>(18,678,208)</b>	<b>(69,379,132)</b>
Net cash flows [(increase)/(decrease)] during the year (A+B+C+D)	<b>(2,163,987,982)</b>	<b>4,744,921,027</b>
Decrease in Cash and cash equivalents on disposal of subsidiary	(1,193,502)	-
Cash and cash equivalents at beginning of the year (refer to schedule 9)	5,550,223,331	805,302,304
Cash and cash equivalents at end of the year (refer schedule 9) #	<b>3,385,041,847</b>	<b>5,550,223,331</b>

#### Significant accounting policies and notes to the accounts

The above cash flow statement has been prepared under the Indirect method set out in Accounting Standard 3 "Cash Flow Statements".

# include ₹ 31,038,506 (previous year ₹ 5,482,761) against share call money in respect of rights issue and ₹ 492,376,328 (previous year ₹ 390,663,319) fixed deposits pledged with banks.

For B S R & Co.  
Chartered Accountants  
Firm Registration No. 101248W

For and on behalf of the Board of Directors of  
Dish TV India Limited

Kaushal Kishore  
Partner  
Membership No. 090075

Jawahar Lal Goel  
Managing Director

B. D. Narang  
Director

Place : Gurgaon  
Dated : 23 May 2011

Rajeev K. Dalmia  
Chief Financial Officer  
Place : Noida  
Dated : 23 May 2011

Ranjit Singh  
Company Secretary

# Schedules to the consolidated accounts

(All amounts in Rupees)

	As at 31 March 2011	As at 31 March 2010
<b>1. Share capital</b>		
<b>Authorized</b>		
1,350,000,000 (previous year 1,350,000,000) equity shares of ₹ 1 each	<u>1,350,000,000</u>	<u>1,350,000,000</u>
<b>Issued, subscribed and paid-up</b>		
1,063,976,535 (previous year 1,063,419,475) equity shares of ₹ 1 each fully paid-up *	<b>1,063,976,535</b>	1,063,419,475
Less: calls in arrears		
- By others	<u>1,000,788</u>	1,348,983
	<u><b>1,062,975,747</b></u>	<u>1,062,070,492</u>

**Notes:**

\* Of 1,063,976,535 (previous year 1,063,419,475) equity shares includes:

- 249,300,890 (previous year 249,300,890) equity shares of ₹ 1 each fully paid up were allotted for consideration other than cash pursuant to the Scheme of Arrangement made effective from 1 April 2006.
- 569,140 (previous year 12,080) equity shares issued to the employees under Employee Stock Option Plan i.e. ESOP 2007.
- 117,035,000 (previous year 117,035,000) equity shares of ₹ 1 each fully paid-up, for underlying 117,035 (previous year 117,035) Global Depository Receipts (GDR). Each GDR represents 1,000 Equity Shares of ₹ 1 each.

	As at 31 March 2011	As at 31 March 2010
<b>2. Reserves and surplus</b>		
<b>Securities premium</b>		
Opening balance	<b>15,282,337,772</b>	2,792,321,328
Add: received during the year	<u>31,696,189</u>	12,530,899,727
	<b>15,314,033,961</b>	15,323,221,055
Less: applied against rights issue/ GDR expenses	-	40,883,283
	<u><b>15,314,033,961</b></u>	15,282,337,772
<b>General reserves</b>		
Opening balance	<b>1,695,856,798</b>	1,695,856,798
Less: adjustment pursuant to the Composite Scheme of Amalgamation and Arrangements (refer to Note 4 of Schedule 23)	<u>1,511,023,943</u>	-
	<b>184,832,855</b>	1,695,856,798
Less: debit balance in Profit and Loss Account per contra	<u>184,832,855</u>	1,695,856,798
	-	-
	<u><b>15,314,033,961</b></u>	<u>15,282,337,772</u>

# Schedules to the consolidated accounts

(All amounts in Rupees)

	As at 31 March 2011	As at 31 March 2010
<b>3. Secured loans</b>		
Loans and advances from banks:		
- Term loans	5,315,700,000	6,590,700,000
- Buyer's credits	5,445,431,835	2,481,930,309
- Vehicle loans	1,063,658	2,352,701
- Interest accrued and due	-	66,016,260
Loans and advances from others:		
- Vehicle loans	882,958	1,932,684
	<b>10,763,078,451</b>	<b>9,142,931,954</b>

## Notes:

### Term loans

- (a) Term loan of ₹ 2,590,700,000 (previous year ₹ 2,590,700,000) is under syndicate debt facility and secured by all movable assets, uncalled capital, intellectual property, goodwill and all investments, all rights, title, interests of all insurance contracts (both present and future), all contracts, government approvals and licenses relating to direct to home services, all amounts in the accounts or other receivables liable to be credited to the accounts in the course of the business, all amounts and receivables from whomsoever person, both present and future in relation to direct to home service business and 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. Due within a year ₹ 485,756,250 (previous year ₹ Nil).
- (b) Term loan from a bank ₹ 625,000,000 (previous year ₹ 1,000,000,000) 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. Due within a year ₹ 500,000,000 (previous year ₹ 375,000,000).
- (c) Term loan of ₹ 2,100,000,000 (previous year ₹ 3,000,000,000) is secured by second *pari passu* charge on entire fixed assets of the Company and is guaranteed by two directors and also collaterally secured by immovable property and corporate guarantee provided by related parties. Due within a year ₹ 2,100,000,000 (previous year ₹ 900,000,000).

### Buyer's credits

- (d) Buyer's credit of ₹ 762,894,854 (previous year ₹ Nil) is secured by *pari passu* first charge on the movable and immovable fixed assets and current assets of the Company. Due within a year ₹ Nil (previous year ₹ Nil).
- (e) Buyer's credit of ₹ 1,699,406,237 (previous year ₹ Nil) is secured by *pari passu* charge on all present and future tangible movable and immovable current assets of the Company including proceeds account; exclusive charge on reserve account; assignment of rights, titles and interest of the Company in all the contracts, authorisations, approvals, and licenses (to the extent the same are capable of being assigned); and assignment of all insurance policies. Due within a year ₹ Nil (previous year ₹ Nil).
- (f) Buyer's credit of ₹ 1,068,925,018 (previous year ₹ Nil) is secured by *pari passu* charge on all present and future moveable and immovable assets, including but not limited to inventory of set-top-box and accessories etc., book debts, operating cash flows, receivables, commissions, revenue and on all intangibles assets including but not limited to goodwill and uncalled capital of the Company. Due within a year ₹ Nil (previous year ₹ Nil).
- (g) Buyer's credit of ₹ 757,849,183 (previous year ₹ 1,312,883,628) is secured by exclusive charge by way of hypothecation on consumer premises equipment imported under buyer's credit facility including spares, tools, accessories, software, whether installed or not, be in or about the hypothecator's factories, premises and godowns. Due within a year ₹ 757,849,183 (previous year ₹ 546,717,624).

# Schedules to the consolidated accounts

(All amounts in Rupees)

- (h) Buyer's credit of ₹ 1,156,356,543 (previous year ₹ 1,169,046,681) is secured by first *pari passu* charge on entire stocks of raw materials, semi-finished and finished goods, consumable stores, capital goods and spares and such other movables including book debts, bills whether documentary or clean outstanding monies, receivables both present and future. Due within a year ₹ 594,961,250 (previous year ₹ Nil).

## Vehicle loan

- (i) Vehicle loans are secured against hypothecation of vehicles. Due within a year ₹ 1,166,422 (previous year ₹ 1,807,969).

## 4. Unsecured loans

Inter corporate deposits

	As at 31 March 2011	As at 31 March 2010
	-	179,258,000
	-	179,258,000

## 5. Fixed assets

Particulars	Gross block				Depreciation / Amortisation				Net Block	
	As at 31 March 2010	Additions	Sale/ adjustment	As at 31 March 2011	Up to 31 March 2010	For the year*	Sale/ adjustment	Up to 31 March 2011	As at 31 March 2011	As at March 31, 2010
<b>Intangible assets</b>										
Goodwill #	451,177,637	232,500,000	-	683,677,637	293,265,463	90,235,527	-	383,500,990	300,176,647	157,912,174
License fees	117,362,250	-	-	117,362,250	71,076,788	13,472,450	-	84,549,238	32,813,012	46,285,462
Software	285,513,430	378,126	1,979,982	283,911,574	186,970,345	45,717,834	36,672	232,651,507	51,260,067	98,543,085
<b>Total intangible assets</b>	<b>854,053,317</b>	<b>232,878,126</b>	<b>1,979,982</b>	<b>1,084,951,461</b>	<b>551,312,596</b>	<b>149,425,811</b>	<b>36,672</b>	<b>700,701,735</b>	<b>384,249,726</b>	<b>302,740,721</b>
<b>Tangible assets</b>										
Plant and machinery	1,423,797,468	388,521,753	482,323,433	1,329,995,788	458,880,180	131,224,749	49,874,160	540,230,769	789,765,019	964,917,288
Consumer premises equipments	15,820,656,514	7,440,161,158	821,354,383	22,439,463,289	6,199,671,483	3,685,297,330	541,201,463	9,343,767,350	13,095,695,939	9,620,985,031
Computers	104,945,956	18,852,565	1,796,158	122,002,363	51,451,611	16,981,415	1,666,526	66,766,500	55,235,863	53,494,345
Office equipments	47,762,390	5,000,410	2,916,080	49,846,720	7,198,583	2,548,685	1,130,533	8,616,735	41,229,985	40,563,807
Furniture and fixtures	19,996,283	12,206,713	688,065	31,514,931	5,156,191	1,978,097	280,332	6,853,956	24,660,975	14,840,092
Vehicles	26,405,222	8,768,766	5,550,980	29,623,008	8,147,416	2,771,164	2,443,059	8,475,521	21,147,487	18,257,806
Leasehold improvements	46,460,095	-	3,192,572	43,267,523	16,077,446	5,300,546	3,192,572	18,185,420	25,082,103	30,382,649
<b>Total tangible assets</b>	<b>17,490,023,928</b>	<b>7,873,511,365</b>	<b>1,317,821,671</b>	<b>24,045,713,622</b>	<b>6,746,582,910</b>	<b>3,846,101,986</b>	<b>599,788,645</b>	<b>9,992,896,251</b>	<b>14,052,817,371</b>	<b>10,743,441,018</b>
<b>Grand total</b>	<b>18,344,077,245</b>	<b>8,106,389,491</b>	<b>1,319,801,653</b>	<b>25,130,665,083</b>	<b>7,297,895,506</b>	<b>3,995,527,797</b>	<b>599,825,317</b>	<b>10,693,597,986</b>	<b>14,437,067,097</b>	
Previous year	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	4,580,307,513	11,046,181,739
Capital work-in-progress [including capital advances ₹ 159,364,019 (previous year ₹ 69,092,106)]									4,580,307,513	3,540,510,375
									<b>19,017,374,610</b>	<b>14,586,692,114</b>

### Foot notes:

- (1) refer to Note 12(b) of Schedule 23 for details of assets given on operating and finance leases.  
(2) refer to Note 12(c) of Schedule 23 regarding depreciation on consumer premises equipment.  
(3) refer to Note 18(a) of Schedule 23 for foreign currency difference capitalised/adjusted during the year.  
(4) refer to Note 9 of Schedule 23 for amount adjusted on account of adjustment of borrowing cost in previous years.  
\* includes ₹ Nil (previous year ₹ 148,420) transferred to capital work-in-progress in respect of an asset under construction.  
# refer to Note 4(vii) of schedule 23.

# Schedules to the consolidated accounts

(All amounts in Rupees)

	As at 31 March 2011	As at 31 March 2010
<b>6. Investments</b>		
<b>Long-term investments (at cost) - unquoted</b>		
<u>Non-trade investments</u>		
Balance of unutilised monies raised by issue		
Certificate of deposit	2,000,000,000	2,000,000,000
National Savings Certificate VIII issue	-	25,500
(Pledged with Sales Tax Authorities)	2,000,000,000	2,000,025,500
<b>Current investments (at cost)-unquoted</b>		
<u>Non-trade investments</u>		
<b>Investments in Liquid/Floater schemes of Mutual funds *</b>		
DSP BlackRock mutual fund		
DSP Black Rock Floating Rate Fund - Institutional Plan - Growth	-	120,000,000
Nil (previous year 90,502) units of ₹ 1,000 per unit		
Reliance mutual fund		
Reliance Money Manager Fund - Institutional option - Growth plan	-	1,191,033,615
Nil (previous year 951,919) units of ₹ 1,000 per unit		
SBI mutual fund		
SBI - SHDF - Short Term - Institutional Plan - Growth	-	250,022,073
Nil (previous year 23,600,570) units of ₹ 10 per unit		
	-	1,561,055,688
	<u>2,000,000,000</u>	<u>3,561,081,188</u>
* Net asset value ₹ Nil (previous year ₹ 1,565,478,734)		
Aggregate book value of unquoted investments	2,000,000,000	3,561,081,188
<b>7. Inventories</b>		
<i>(At lower of cost and net realisable value)</i>		
Stock in trade (customer premises equipment and accessories)	44,401,825	27,799,312
	<u>44,401,825</u>	<u>27,799,312</u>
<b>8. Sundry debtors</b>		
<i>(Unsecured and considered good, unless otherwise stated)</i>		
Debts outstanding for a period exceeding six months		
- Considered good	135,832,740	167,596,904
- Considered doubtful	2,958,466	9,668,744
Other debts		
- Considered good	90,714,253	203,279,444
- Considered doubtful	-	9,982,526
	<u>229,505,459</u>	<u>390,527,618</u>
Provision for doubtful debts	<u>(2,958,466)</u>	<u>(31,487,218)</u>
	<u>226,546,993</u>	<u>359,040,400</u>

# Schedules to the consolidated accounts

(All amounts in Rupees)

	As at 31 March 2011	As at 31 March 2010
<b>9. Cash and bank balances</b>		
Cash in hand	589,412	2,544,576
Balance with scheduled banks:		
- in current accounts	1,159,593,892	2,992,646,801
- in short term deposit account	-	993,643
- in fixed deposit/margin account ##	492,376,328	390,663,319
Balances with other banks:		
- in current accounts in foreign currency	-	130,904,330
- in fixed deposits/margin accounts in foreign currency	1,731,984,526	2,029,558,944
Cheques in hand	497,689	2,911,718
	<u>3,385,041,847</u>	<u>5,550,223,331</u>
## fixed deposits pledged with banks		
<b>10. Other current assets</b>		
Income accrued but not due on fixed deposits and others	19,025,301	6,757,457
	<u>19,025,301</u>	<u>6,757,457</u>
<b>11. Loans and advances</b> <i>(unsecured and considered good unless otherwise stated)</i>		
Considered good		
Advances recoverable in cash or in kind or for value to be received	700,221,733	2,247,974,323
Balances with customs, excise and sales tax authorities	1,044,755,739	934,852,207
Advance tax [net of provision ₹ 75,29,720 (previous year ₹ 12,833,946)]	255,424,949	144,643,493
Loans to body corporates	167,597,560	1,463,902,715
Deposits with government authorities	121,487,779	77,596,035
Deposits others	249,102,243	90,147,352
Considered doubtful		
Advances recoverable in cash or in kind or for value to be received	5,828,275	1,226,043,309
	<u>2,544,418,278</u>	<u>6,185,159,434</u>
Provision for doubtful advances	(5,828,275)	(1,226,043,309)
	<u>2,538,590,003</u>	<u>4,959,116,125</u>

# Schedules to the consolidated accounts

(All amounts in Rupees)

	As at 31 March 2011	As at 31 March 2010
<b>12. Current liabilities</b>		
Sundry creditors	5,673,286,414	4,372,346,584
Book overdraft	99,928,628	-
Liability under deferred payment plan/finance lease (refer to Note 12(c) of Schedule 23)	-	1,256,712,340
Advance revenue/deposits received	6,652,677,789	8,393,597,006
Advance share call money pending adjustment	28,889,665	5,454,950
Interest accrued but not due	39,231,405	21,958,461
Other liabilities	530,917,204	156,921,976
Forward cover payable on derivatives#	51,818,636	35,764,268
	<u>13,076,749,741</u>	<u>14,242,755,585</u>

# including provision for marked to market loss on derivative instruments amounting to ₹ 12,448,574 (previous year ₹ Nil), refer to Note 18(b) of Schedule 23

	As at 31 March 2011	As at 31 March 2010
<b>13. Provisions</b>		
Regulatory dues*	2,932,886,159	1,652,659,378
Retirement benefits		
- Gratuity	50,626,037	35,073,069
- Vacation pay	37,592,539	29,171,981
Wealth tax [net of advance tax ₹ 77,479 (previous year ₹ Nil)]	85,033	640,819
	<u>3,021,189,768</u>	<u>1,717,545,247</u>

\* refer to Note 14 of Schedule 23

	As at 31 March 2011	As at 31 March 2010
<b>14. Profit and Loss Account</b>		
Opening balance	14,272,045,921	11,649,999,832
Loss for the year	1,919,834,023	2,622,046,089
	<u>16,191,879,944</u>	<u>14,272,045,921</u>
Less: adjusted against General Reserve per contra (refer to Schedule 2 also)	184,832,855	1,695,856,798
Net debit balance in Profit and Loss Account taken to the Balance Sheet	<u>16,007,047,089</u>	<u>12,576,189,123</u>

# Schedules to the consolidated accounts

(All amounts in Rupees)

	For the year ended 31 March 2011	For the year ended 31 March 2010
<b>15. Sales and services</b>		
Income from DTH subscribers:		
- Subscription revenue	11,927,025,803	8,352,918,277
- Lease rentals	1,985,345,059	1,500,742,489
Teleport services	107,190,417	168,044,661
Head-end in the sky (HITS) services	-	624,073,729
Bandwidth charges	255,892,431	158,681,781
Sales of customer premise equipments, accessories and others	33,466,053	24,568,808
Call center charges	1,107,983	1,227,140
Advertisement income	36,750,544	10,995,976
Other operating income	19,848,030	8,698,153
	<u>14,366,626,320</u>	<u>10,849,951,014</u>
<b>16. Other income</b>		
Interest income from [tax deducted at source ₹ 81,198,180 (previous year ₹ 2,722,330)]		
- fixed deposits/margin accounts	241,811,895	24,506,559
- others	616,758,963	363,401,082
Profit on sale of subsidiary (refer to Note 5 of Schedule 23)	184,904,276	-
Foreign exchange fluctuation	73,130,784	54,757,575
Profit on redemption of units of mutual funds (non-trade, current)	35,672,797	1,413,550
Liabilities written back	35,763,323	8,109,224
Miscellaneous income	38,129,592	994,587
	<u>1,226,171,630</u>	<u>453,182,577</u>
<b>17. Cost of traded goods</b>		
Opening stock	27,799,312	32,154,439
Purchases	39,252,727	19,231,828
	<u>67,052,039</u>	<u>51,386,267</u>
Less: Closing stock	44,401,825	27,799,312
	<u>22,650,214</u>	<u>23,586,955</u>
<b>18. Operating expenses</b>		
Transponder lease	617,187,490	961,699,706
License fees	1,498,976,019	1,095,525,824
Uplinking charges	55,384,419	110,549,473
Programming and other costs	5,035,530,563	4,372,514,166
Entertainment tax	518,364,612	258,029,073
Other operating charges	112,846,391	103,643,310
	<u>7,838,289,494</u>	<u>6,901,961,552</u>

# Schedules to the consolidated accounts

(All amounts in Rupees)

	For the year ended 31 March 2011	For the year ended 31 March 2010
<b>19. Personnel cost</b>		
Salary, bonus and allowances	697,563,511	471,332,427
Contribution to provident and other funds	45,508,317	32,351,734
Staff welfare	9,610,722	6,978,942
Recruitment and training expenses	8,190,035	2,924,883
	<u>760,872,585</u>	<u>513,587,986</u>
<b>20. Administration and other expenses</b>		
Rent	52,137,230	49,297,875
Rates and taxes	5,299,863	10,762,504
Electricity charges	35,675,123	29,173,381
Insurance	1,582,282	833,774
Repairs and Maintenance		
- Plant and machinery	10,107,302	7,037,597
- Building	1,779,436	3,305,411
- Others	20,603,486	14,597,290
Vehicle running	988,241	1,600,924
Legal and professional fees	112,242,685	77,059,074
Director sitting fees	1,210,000	765,000
Printing and stationary	61,278,032	33,620,921
Communication expenses	66,033,747	34,558,712
Travelling and conveyance	98,012,800	58,781,788
Service and hire charges	29,545,245	26,949,133
Freight, cartage and demurrage	117,276,427	69,941,137
Bad debts and balances written off	384,193	10,118,992
Provision for doubtful debts	-	8,848,387
Loss on sale/discard of fixed assets	172,565,471	80,232,080
Miscellaneous expenses	5,914,901	5,866,123
	<u>792,636,464</u>	<u>523,350,103</u>
<b>21. Selling and distribution expenses</b>		
Advertisement and publicity expenses	782,324,718	752,071,541
Business promotion expenses	60,257,998	17,447,179
Commission	1,590,300,850	943,199,127
Customer support services	138,858,437	58,034,546
	<u>2,571,742,003</u>	<u>1,770,752,393</u>
<b>22. Financial expenses</b>		
Interest on:		
- Term loan	818,071,016	600,036,411
- Buyer's credit	65,455,848	59,626,864
- Finance lease charges/interest on deferred payment, [refer to Note 12(c) of Schedule 23]	144,722,770	24,618,197
- Others	273,793,478	193,224,486
Bank and other financial charges	231,804,363	93,205,677
	<u>1,533,847,475</u>	<u>970,711,635</u>

# Schedules forming part of the consolidated financial statements

(All amounts in Rupees)

## Schedule 23: Significant accounting policies and notes to the accounts

### 1. Background

Dish TV India Limited ('Dish TV' or 'the Company' or 'the parent company') and its subsidiaries [refer to note 2(b)(iii) below], together referred as 'the Group', is engaged in the business of Direct to Home ('DTH') and Teleport services. The DTH services are rendered to the customer through Consumer Premise Equipment (CPE), used for receiving and broadcasting DTH signals to the subscriber. Also refer note 4 of this schedule.

### 2. Significant accounting policies

#### a) Basis of preparation of consolidated financial statements

The consolidated financial statements are prepared and presented under the historical cost convention in accordance with the Generally Accepted Accounting Principles ('GAAP') in India and mandatory Accounting Standards as specified in the Companies (Accounting Standards) Rules, 2006, to the extent applicable, and the presentational requirements of the Companies Act, 1956.

#### b) Principles of consolidation

- i. The consolidated financial statements relate to the parent company and its subsidiaries. The consolidated financial statements have been prepared in accordance with the principles and procedures for the preparation and presentation as laid down under Accounting Standard 21 on "Consolidated Financial Statements" as specified in the Companies (Accounting Standards) Rules, 2006.
- ii. The consolidated financial statements have been prepared on the following basis:
  - a. The consolidated financial statements of the Company and its subsidiaries have been combined on a line by line basis by adding together the book values of all items of assets, liabilities, incomes and expenses after eliminating inter-company transactions in accordance with the Accounting Standard 21 on "Consolidated Financial Statements".
  - b. The consolidated financial statements have been prepared by using uniform accounting policies for significant transactions.
  - c. The excess/shortfall of cost to the parent company, on the date of acquisition of its investment in subsidiaries over its portion of equity, as the case may be, is recognised in the consolidated financial statements as goodwill/ capital reserve.
- iii. The companies considered in the consolidated financial statements are:

Name of the company	Country of incorporation	% shareholding as at 31 March 2011	% shareholding as at 31 March 2010
Agrani Satellite Services Limited ('ASSL')@	India	-	100
Integrated Subscriber Management Services Limited ('ISMSL')	India	100	100
Agrani Convergence Limited ('ACL') #	India	-	51

@ ASSL has been merged with ISMSL as per the Composite Scheme of Amalgamation and Arrangement between the Company, ASSL, ISMSL and their respective shareholders and creditors ('the Scheme') approved by the Hon'ble High Court of Delhi (also refer to note 4 of this schedule).

# Schedules forming part of the consolidated financial statements

(All amounts in Rupees)

# The investment in ACL has been transferred to ISMSL as per the Scheme (as stated above) and subsequently disposed off to Essel Agro Private Limited, a related party (refer to note 11 of this schedule) for a consideration of ₹ 1,000 (also refer to notes 4 and 5 of this schedule). Accordingly, the Consolidated Profit and Loss Account and Consolidated Cash Flow Statement include results and cash flows relating to ACL for the period 1 April 2010 to 31 March 2011. The Consolidated Balance Sheet as at 31 March 2011 does not include balances of assets and liabilities of ACL, due to its disposal on 31 March 2011.

**c) Use of estimates**

The preparation of consolidated financial statements in conformity with the GAAP in India requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities on the date of the consolidated financial statements. Actual results could differ from those estimates. Examples of such estimates include estimated useful life of fixed assets, estimate of future obligations under employee retirement benefits, etc. Differences between the actual results and estimates are recognised in the year in which such results are known/materialized. Any revision to accounting estimates is recognised in accordance with the requirements of the respective Accounting Standards, generally prospectively, in current and future periods.

**d) Fixed assets**

**Intangible assets**

Intangible assets are recognised if it is probable that the future economic benefits that are attributable to the asset will flow to the Group and the cost of the asset can be measured reliably. These assets are valued at cost which comprises the purchase price and any directly attributable expenditure on making the asset ready for its intended use.

License fees paid, including fee paid for acquiring license to operate DTH services, is capitalized as intangible asset.

Cost of computer software includes license fees, cost of implementation and appropriate system integration expenses. These costs are capitalized as intangible assets in the year in which related software is implemented.

**Tangible assets**

Fixed assets are recorded at the cost of acquisition, net of Cenvat credit, including all incidental expenses attributable to the acquisition and installation of assets, upto the date when the assets are ready for use.

CPEs are capitalized on activation of the same.

**e) Depreciation/amortisation**

**Intangible assets**

Goodwill on acquisition is amortised over a period of five years.

DTH license fee is amortized over the period of license and other license fees are amortized over the management estimate of useful life of five years.

Softwares are amortised on straight line method over an estimated life.

**Tangible assets**

Depreciation on tangible fixed assets, except CPEs, is provided on the straight-line method at the rates specified in Schedule XIV of the Companies Act, 1956. CPEs are depreciated over their useful life of five years, as estimated by the management [also refer to note 12 (b) of this schedule].

Leasehold land and cost of leasehold improvements are amortised over the period of lease or their useful lives, whichever is shorter.

Assets individually costing upto ₹ 5,000 are fully depreciated in the year of purchase.

# Schedules forming part of the consolidated financial statements

(All amounts in Rupees)

## f) Impairment

The carrying amounts of the Group's assets (including goodwill) are reviewed at each balance sheet date in accordance with Accounting Standard 28 'Impairment of Assets', to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated as higher of its net selling price and value in use. An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognised in the Consolidated Profit and Loss Account.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined net of depreciation or amortisation, had no impairment loss been recognised.

## g) Borrowing costs

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets to the extent that they relate to the period till such assets are ready to be put to use. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are charged to Consolidated Profit and Loss Account.

## h) Inventories

Inventories of CPEs and related accessories are valued at the lower of cost and net realisable value. Cost of inventories includes all costs incurred in bringing the inventories to their present location and condition. Cost is determined on a weighted average basis.

## i) Revenue recognition

### i) Service income

- Subscription and other service revenues are recognized on an accrual basis on rendering of the service.
- Lease rental is recognized as revenue as per the terms of the contract of operating lease over the period of lease on a straight line basis.

### ii) Sale of goods

- Revenue from sale of products is recognised when the products are dispatched against orders to the customers in accordance with the contract terms, which coincides with the transfer of risks and rewards.
- Sales are stated inclusive of excise duty and net of rebates, trade discounts, sales tax and sales returns.

### iii) Interest income:

Income from deployment of surplus funds is recognised using the time proportion method, based on interest rates implicit in the transaction.

## j) Foreign currency transactions and forward contracts

Foreign currency transactions

- i) Foreign currency transactions are accounted for at the exchange rate prevailing on the date of the transaction. All monetary foreign currency assets and liabilities are converted at the exchange rates prevailing at the date of the balance sheet. All exchange differences, other than in relation to acquisition of fixed assets and other long term foreign currency monetary liabilities are dealt with in the Consolidated Profit and Loss Account.

# Schedules forming part of the consolidated financial statements

(All amounts in Rupees)

- ii) In accordance with the notification no. GSR 225 (E) dated 31 March 2009 of the Ministry of Corporate Affairs, exchange differences arising in respect of long term foreign currency monetary items used for acquisition of depreciable capital asset, are added to or deducted from the cost of asset and are depreciated over the balance life of asset.
- iii) The premium or discount arising on entering into a forward exchange contract for hedging underlying assets and liabilities is measured by the difference between the exchange rate at the date of the inception of the forward exchange contract and the forward rate specified in the contract and is amortised as expense or income over the life of the contract. Exchange difference on a forward exchange contract is the difference between:
- the foreign currency amount of the contract translated at the exchange rate at the reporting date, or the settlement date where the transaction is settled during the reporting period, and;
  - the same foreign currency amount translated at the latter of the date of inception of the forward exchange contract and the last reporting date.

These exchange differences are recognised in the Consolidated Profit and Loss Account in the reporting period in which the exchange rates change.

iv) **Derivatives**

The Group enters into derivative transactions for hedging purposes. In respect of interest rate swaps, which are not covered by Accounting Standard 11 'the effects of changes in foreign exchange rates', such contracts are marked to market and provision for net loss, if any, is recognised in the Consolidated Profit and Loss Account. Resultant gains, if any, on account of mark to market are ignored. The Group does not hold or issue derivative financial instruments for trading or speculative purposes.

k) **Investments**

Investments are classified as long term or current based on the intent of the management at the time of acquisition.

Long-term investments are carried at cost. The carrying value of such investments is adjusted for other than temporary diminution in value, where necessary. Current investments are valued at the lower of cost and fair value.

l) **Employee benefits**

i) **Short-term employee benefits**

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits. Benefits such as salaries, wages, and bonus, etc., are recognised in the Consolidated Profit and Loss Account in the period in which the employee renders the related service.

ii) **Post employment benefit**

**Defined contribution plan**

The Group deposits the contributions for provident fund to the appropriate government authorities and these contributions are recognised in the Consolidated Profit and Loss Account in the financial year to which they relate.

**Defined benefit plan**

The Group's gratuity scheme is a defined benefit plan. The present value of the obligation under such defined benefit plan is determined based on actuarial valuation carried out at the end of the year by an independent actuary, using the Projected Unit Credit Method, which recognises each

# Schedules forming part of the consolidated financial statements

(All amounts in Rupees)

period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plans, is based on the market yields on Government Securities for relevant maturity. Actuarial gains and losses are recognized immediately in the Consolidated Profit and Loss Account.

- iii) **Other long-term employee benefits**  
Benefits under the Group's leave encashment constitute other long-term employee benefits. The liability in respect of leave encashment is provided on the basis of an actuarial valuation done by an independent actuary at the year end. Actuarial gains and losses are recognised immediately in the Consolidated Profit and Loss Account.

m) **Employee stock option scheme**

The Group calculates the compensation cost based on the intrinsic value method wherein the excess of value of underlying equity shares as on the date of the grant of options over the exercise price of the options given to employees under the employee stock option schemes of the Group, is recognised as deferred stock compensation cost and amortised over the vesting period on a graded vesting basis.

n) **Leases**

**Operating lease**

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased asset are classified as operating leases. Operating lease charges are recognised as an expense in the Consolidated Profit and Loss Account on a straight line basis.

**Finance lease**

Assets and liabilities acquired under finance leases are recognised at the fair value of leased asset at inception of the lease. However, in cases where the fair value of the leased asset from the standpoint of the lessee exceeds the present value of minimum lease payments, the asset is recognised at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and the reduction of the outstanding liability. The finance charge is allocated to periods during the lease term at a constant periodic rate of interest on the remaining balance of the liability.

o) **Earnings per share**

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

p) **Taxation**

Income tax expense comprises current tax and deferred tax charge or credit. Current tax provision is made based on the tax liability computed after considering tax allowances and exemptions under the Income tax Act, 1961. The deferred tax charge or credit and the corresponding deferred tax liability and assets are recognised using the tax rates that have been enacted or substantively enacted on the balance sheet date.

Deferred tax assets arising from unabsorbed depreciation or carry forward losses are recognised only if there is virtual certainty of realisation of such amounts. Other deferred tax assets are recognised only to the extent there is reasonable certainty of realisation in future. Deferred tax assets are reviewed at each balance sheet date to reassess their realisability and are written down or written up to reflect the amount that is reasonably/ virtually certain, as the case may be.

# Schedules forming part of the consolidated financial statements

(All amounts in Rupees)

## q) Provisions and contingent liabilities

The Group recognises a provision when there is a present obligation as a result of a past event and it is more likely than not that there will be an outflow of resources embodying economic benefits to settle such obligations and the amount of such obligation can be reliably estimated. Provisions are not discounted to their present value and are determined based on the management's estimation of the outflow required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect current management estimates.

Contingent liabilities are disclosed in respect of possible obligations that have arisen from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of future events, not wholly within the control of the Group. Contingent liabilities are also disclosed for the present obligations in respect of which it is not possible that there will be an outflow of resources or a reliable estimate of the amount of obligation cannot be made.

When there is an obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

## 3. Capital commitments and contingent liabilities

### a) Capital commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) is Rs. 3,469,882,668 (previous year Rs. 325,421,062).

### b) Contingent liabilities not provided for

Particulars	For the year ended 31 March 2011	For the year ended 31 March 2010
Claim against the Company not acknowledged as debt	48,301,037	43,577,609
Income-tax Act, 1961*	4,05,614,101	-
Sales Tax and Value Added Tax demands	109,855,534	89,864,314
Indian Customs Act, 1962	149,406,086	-
Entertainment Tax demands #	118,223,928	101,520,074
Legal cases against the Company	Unascertained	Unascertained

\* During the year, the Company received a demand notice for income tax and interest thereon aggregating Rs. 4,05,614,101 in relation to an earlier year. The matter pertains to alleged short deduction of tax at source on certain payments and interest thereon for delayed period. The Company has disputed the issue and has filed an appeal against the abovesaid demand with the tax authorities. The Company, supported by a legal view in the matter, is of the view that no provision is necessary till the dispute is finally concluded by the appropriate authorities.

# The Company has also received notices in various States on applicability of Entertainment Tax, for which no demands have been received. The Company has contested these notices at various Appellate Forums/ Courts and the matter is subjudice.

## 4. Composite Scheme of Amalgamation and Arrangements ('the Scheme')

- ASSL 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 was discontinued in the previous year. ISMSL 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 reports and call centre activities.
- In order to simplify the group structure and improve cost efficiency, the Board of Directors of the Company had approved a Composite Scheme of Amalgamation and Arrangement between the Company, ASSL, ISMSL and their respective shareholders and creditors ('the Scheme') at their

# Schedules forming part of the consolidated financial statements

(All amounts in Rupees)

meeting held on 11 June 2010. The Scheme envisaged transfer of the Company's non-DTH related business (including equity shares in ASSL and ACL) to ISMSL, followed by the merger of ASSL with ISMSL on 31 March 2010, the appointed date. As consideration for transfer of non-DTH related business, ISMSL would issue and allot 100,000 equity shares of the face value of ₹ 10 each, fully paid up, to the Company.

- iii) The above Scheme has been approved by the Hon'ble High Court of Delhi, vide its Order dated 3 March 2011 and corrigendum dated 31 March 2011 and became effective on 31 March 2011 on filing the Order of the Court with the Registrar of Companies, NCT of Delhi and Haryana.
- iv) To give effect to the Scheme and the Order of the Hon'ble High Court, the Company has transferred its undertaking, along with assets and liabilities as on 31 March 2010, relating to the non-DTH business to ISMSL. In accordance with the Scheme, the excess of the book value of net assets transferred as at 31 March 2010, over the consideration received has been directly adjusted in the General Reserve as under:

Particulars		Amount
Fixed assets	432,447,828	
Investments in ASSL	944,010,040	
Advances including share application money in ASSL	367,066,075	1,743,523,943
Investments in ACL		124,705,440
Other loans and advances		1,208,430,395
<b>Total assets</b>		<b>3,076,659,778</b>
<b>Less: liabilities</b>		
Provision for doubtful advances		1,208,430,395
Provision for diminution in the value of investment in ACL		124,705,440
Security deposits received		231,500,000
<b>Total liabilities</b>		<b>1,564,635,835</b>
<b>Book value of net assets transferred</b>		<b>1,512,023,943</b>
Consideration received by way of equity shares in ISMSL		1,000,000
<b>Excess of book value of net assets over the consideration received, adjusted in General Reserve</b>		<b>1,511,023,943</b>

- v) The non-DTH related business did not have any operations during the year.
- vi) While the Group has followed the accounting treatment prescribed in the Scheme, duly approved by the Hon'ble High Court of Delhi, it has resulted in certain deviations as compared to the Generally Accepted Accounting Principles (GAAP) in India. Had the Group followed the GAAP, the impairment of fixed assets [in accordance with Accounting Standard ('AS') 28] would have been recognised in the Consolidated Profit and Loss Account of the previous year and, accordingly, loss for the previous year and the debit balance in the Consolidated Profit and Loss Account as at 31 March 2010 would have been higher by ₹ 1,743,523,943.

The aforesaid loss on impairment of fixed assets has not been recognised in the current year also as a prior year item. Instead, during the current year, on implementation of the Scheme, the Group has adjusted ₹ 1,511,023,943 directly against the General Reserve in the consolidated financial statements in accordance with the accounting treatment approved in the Scheme and has recognized a goodwill of ₹ 232,500,000.

- vii) The above goodwill represents the excess of liabilities acquired by ISMSL over the fair value of net assets of non-DTH related business from the Company. The goodwill recognised by ISMSL does not presently have any future economic benefit. However, the Group has not recognised any impairment loss in the consolidated financial statements.

# Schedules forming part of the consolidated financial statements

(All amounts in Rupees)

## 5. Profit on sale of subsidiary

As stated in note 2(b)(iii) above, ISMSL has disposed off the investment in ACL on 31 March 2011. The net liabilities of ACL amounting to ₹ 184,903,276 as on the date of transfer, alongwith sale consideration of ₹ 1,000, has been recognised as 'Profit on sale of subsidiary' in the Consolidated Profit and Loss Account.

6. Depreciation expense for the current year includes ₹ 126,084,394 (including prior period depreciation amounting to ₹ 91,901,502) on account of re-alignment of estimated useful life of viewing cards ('VC'), as adopted by the subsidiary company, with the estimated useful life considered by the parent company (also refer to note 17 to this schedule).

## 7. Employee stock option plan (ESOP) 2007

In the Annual General Meeting held on 3 August 2007, the shareholders of the Company have approved Employee Stock Option Plan i.e. ESOP 2007 ("the Scheme"). The Scheme provided for issue of 4,282,228 stock options (underlying fully paid equity share of Re.1 each) to the employees of the Group and also to non-executive directors including independent directors of the Company at the exercise price which shall be equivalent to the market price determined as per the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 ['SEBI (ESOP) Guidelines, 1999'].

The options granted under the Scheme shall vest between one year to six years from the date of grant of options, with 20% vesting each year. Once the options vest as per the Scheme, they would be exercisable by the grantee at any time within a period of four years from the date of vesting 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 28 August 2008 approved the re-pricing of outstanding options which were granted till that date and consequently the options were re-priced at ₹ 37.55 per option, determined as per SEBI (ESOP) Guidelines, 1999.

However, in respect of options granted subsequent to 28 August 2008, the exercise price of the options has been maintained as equivalent to the market price determined as per the SEBI (ESOP) Guidelines, 1999.

As stated above, the options are granted to the employees at an exercise price, being the latest market price as per SEBI (ESOP) Guidelines, 1999. Further, since the Group follows intrinsic value method for accounting of the above options, there is no charge in the Consolidated Profit and Loss Account.

The activity relating to the options granted and movements therein are set out below:

Particulars	For the year ended 31 March 2011	For the year ended 31 March 2010
Options outstanding at the beginning of the year	2,054,300	1,466,550
Add: Options granted	1,038,300	750,100
Less: Exercised	557,060	12,080
Less: Lapsed	242,320	150,270
Options outstanding at the end of the year	2,293,220	2,054,300

The following table summarizes information on the share options outstanding as of 31 March 2011

Particulars	Date of grant	Number of shares remaining out of options	Remaining contractual life	Exercise price
Lot 1	21 August 2007	714,040	6.39	37.55*
Lot 2	24 April 2008	-	-	-
Lot 3	28 August 2008	30,000	7.41	37.55*
Lot 4	28 May 2009	361,100	8.16	47.65
Lot 5	27 October 2009	149,780	8.58	41.45
Lot 6	26 October 2010	201,250	9.57	57.90
Lot 7	21 January 2011	837,050	9.81	58.95
Options outstanding at the end of the year		2,293,220	8.35#	48.99#

# Schedules forming part of the consolidated financial statements

(All amounts in Rupees)

The following table summarizes information on the share options outstanding as of 31 March 2010

Particulars	Date of grant	Number of shares remaining out of options	Remaining contractual life	Exercise price
Lot 1	21 August 2007	1,406,350	7.39	37.55*
Lot 2	24 April 2008	-	-	-
Lot 3	28 August 2008	30,000	8.41	37.55*
Lot 4	28 May 2009	457,050	9.16	47.65
Lot 5	27 October 2009	160,900	9.58	41.45
Options outstanding at the end of the year		2,054,300	7.97#	40.10#

\* re-priced as per Shareholders' approval on 28 August 2008. Refer note above  
# on a weighted average basis.

## 8. Disclosure pursuant to Accounting Standard 15 on "Employee Benefits"

### Defined contribution plans

An amount of ₹ 31,374,698 (previous year ₹ 26,913,334) and ₹ 5,232,524 (previous year ₹ 2,506,417) for the year, have been recognized as expenses in respect of the Group's contributions to Provident Fund and Employee's State Insurance Fund respectively, deposited with the government authorities and have been included under operating and other expenditure in the Consolidated Profit and Loss Account.

### Defined benefit plans

Gratuity is payable to all eligible employees of the Group on superannuation, death or permanent disablement, in terms of the provisions of the Payment of Gratuity Act or as per the Group's Scheme, whichever is more beneficial.

The following table sets forth the status of the gratuity plan of the Group and the amounts recognised in the Consolidated Balance Sheet and Consolidated Profit and Loss Account:

Particulars	For the year ended 31 March 2011	For the year ended 31 March 2010
<b>Changes in present value of obligation</b>		
Present value of obligation as at the beginning of the year	35,073,069	26,691,827
Interest cost	2,805,845	2,135,346
Current service cost	17,518,679	11,826,067
Benefits paid	(570,002)	(214,136)
Actuarial gain on obligation	(4,201,554)	(5,366,035)
Present value of obligation as at end of the year	<u>50,626,037</u>	<u>35,073,069</u>

Particulars	For the year ended 31 March 2011	For the year ended 31 March 2010
<b>Expenses recognized in the Consolidated Profit and Loss Account</b>		
Current service cost	17,518,679	11,826,067
Interest cost on benefit obligation	2,805,845	2,135,346
Net actuarial gain recognised in the year	(4,201,554)	(5,366,035)
Expenses recognised in the Consolidated Profit and Loss Account	<u>16,122,970</u>	<u>8,595,378</u>

# Schedules forming part of the consolidated financial statements

(All amounts in Rupees)

The principal assumptions used in determining gratuity for the Group's plans are shown below:

Particulars	As at 31 March 2011	As at 31 March 2010
Discount rate	8%	8%
Salary escalation rate (per annum)	10%	10%
<b>Withdrawal rates</b>		
Age- Upto 30 years	13%	13%
31-44 years	2%	2%
Above 44 years	1%	1%
Mortality rate	LIC (1994 - 96) duly modified	LIC (1994 - 96) duly modified

Discount rate: The discount rate is estimated based on the prevailing market yields of Indian government securities as at the balance sheet date for the estimated term of the obligation.

Salary escalation rate: The estimates of salary increases, considered in actuarial valuation, take account of inflation, promotion and other relevant factors.

## 9. Borrowing costs

During the earlier years, the Group had capitalised borrowing costs of ₹ 12,431,672 in the gross value of fixed assets. Since the said assets were not in the nature of qualifying assets, the Group has de-capitalised ₹ 12,431,672 in the gross block and ₹ 2,532,985 in accumulated depreciation. This has resulted in prior period interest expenses of ₹ 9,898,687 (also refer to note 17 to this schedule).

## 10. Segmental information

The Group is in the business of providing Direct to Home ('DTH') and teleport services primarily in India. As the Group's business activity primarily falls within a single business and geographical segment, disclosures in terms of Accounting Standard 17 on "Segment Reporting" are not applicable.

## 11. Related party disclosures

a) Other related parties with whom the Group had transactions:

Key management personnel	Mr. Jawahar Lal Goel
Enterprises over which key management personnel/ their relatives have significant influence	Afro Asian Satellite Communication (Gibraltar) Limited Afro Asian Satellite Communication (U.K.) Limited Agrani Satellite Communication (Gibraltar) Limited ASC Telecommunication Limited Asia Today Limited Asia TV USA Limited Brio Academic Infrastructure and Resources Management Private Limited Churu Trading Company Private Limited Cornershop Entertainment Company Private Limited Dakshin Media Gaming Solutions Private Limited Diligent Media Corporation Limited E-City Entertainment (India) Private Limited E-City Property Management & Services Private Limited Essel Agro Private Limited Essel Corporate Services Private Limited Essel Infraprojects Limited

# Schedules forming part of the consolidated financial statements

(All amounts in Rupees)

Essel Shyam Technology Limited Essel International Limited Essel Sports Private Limited ETC Networks Limited Indian Cable Net Company Limited Intrex Tradex Private Limited Intrex India Limited ITZ Cash Card Limited Mumbai Football Club Private Limited Pan India Network Infravest Private Limited Prajatma Trading Company Private Limited Procall Private Limited Rama Associates Limited Wire and Wireless (India) Limited Taj Television India Private Limited Taj TV Limited Zee Akash News Private Limited Zee Entertainment Enterprises Limited Zee Multimedia Worldwide Maritius Limited Zee News Limited Zee Turner Limited
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b) Transactions with related parties:

Particular	For the year ended 31 March 2011		For the year ended 31 March 2010	
	Total amount	Amount for major parties	Total amount	Amount for major Parties
<b>(i) With key management personnel Managerial remuneration</b>	<b>8,145,000</b>	8,145,000	<b>6,587,032</b>	6,587,032
<b>(ii) With other related parties: Sales and services (net of taxes)</b>	<b>119,087,712</b>		<b>796,156,722</b>	
Zee Entertainment Enterprises Limited		43,592,608		18,263,527
Zee News Limited		44,308,330		54,180,191
Asia Today Limited		13,037,199		86,479,990
Wire and Wireless (India) Limited		1,556,513		624,073,730
Zee Aakash News Private Limited		14,933,529		11,496,986
Other related parties		1,659,533		1,662,298
<b>Purchase of goods and services</b>	<b>1,758,048,326</b>		<b>1,491,289,152</b>	
Zee Turner Limited		905,520,084		937,712,772
Zee Entertainment Enterprises Limited		425,853,157		322,813,783
ITZ Cash Card Limited		151,130,100		86,110,358
Taj Television India Private Limited		190,472,553		-
Other related parties		85,072,432		144,652,240

# Schedules forming part of the consolidated financial statements

(All amounts in Rupees)

Particular	For the year ended 31 March 2011		For the year ended 31 March 2010	
	Total amount	Amount for major parties	Total amount	Amount for major Parties
<b>Rent paid</b>	<b>28,911,759</b>		<b>28,871,069</b>	
Zee Entertainment Enterprises Limited		25,275,645		25,132,320
Rama Associates Limited		2,805,840		2,805,840
Other related parties		830,274		932,909
<b>Interest paid</b>	<b>144,722,770</b>		<b>97,816,573</b>	
Essel International Limited		144,722,770		24,618,197
Zee Entertainment Enterprises Limited		-		71,901,370
Other related parties		-		1,297,006
<b>Interest received</b>	<b>70,100,757</b>		<b>441,587,112</b>	
Essel Agro Private Limited		59,553,099		207,268,837
ASC Telecommunication Limited		10,547,658		9,824,771
Pan India Network Private Limited		-		222,974,316
Other related parties		-		1,519,188
<b>Purchase of fixed assets</b>	<b>147,780,828</b>		<b>1,594,082,029</b>	
Essel International Limited		143,080,425		1,508,659,183
Wire and Wireless (India) Limited		-		85,422,846
Other related parties		4,700,403		-
<b>Reimbursement of expenses paid</b>	<b>27,567,954</b>		<b>24,778,981</b>	
ASC Telecommunication Limited		-		3,171,647
Zee Entertainment Enterprises Limited		22,372,010		18,393,396
ITZ Cash Card Limited		4,284,598		2,527,450
Other related parties		911,346		1,508,135
<b>Reimbursement of expenses received</b>	<b>993,637</b>		<b>867,932</b>	
Zee Turner Limited		-		691,130
Wire and Wireless (India) Limited		298,129		97,700
Other related parties		695,508		79,102
<b>Loans, deposits and advances taken</b>	<b>-</b>		<b>875,000</b>	
ASC Telecommunication Limited		-		875,000
<b>Repayment of loan, advance and deposit taken</b>	<b>496,818</b>		<b>2,456,413,030</b>	
Zee Entertainment Enterprises Limited		-		2,430,000,000
ASC Telecommunication Limited		475,000		
Other related parties		21,818		26,413,030

# Schedules forming part of the consolidated financial statements

(All amounts in Rupees)

Particular	For the year ended 31 March 2011		For the year ended 31 March 2010	
	Total amount	Amount for major parties	Total amount	Amount for major Parties
<b>Loans, deposits and advances given</b>	<b>70,822,212</b>		<b>577,327,834</b>	
ITZ Cash Card Limited		49,994,346		99,922,142
Churu Trading Company Private Limited		-		470,000,000
Essel Agro Private Limited		-		2,162,415
Other related parties		20,827,866		5,243,277
<b>Refunds received against loans, advances and deposits given</b>	<b>1,096,023,658</b>		<b>1,372,873,889</b>	
Churu Trading Company Private Limited		-		119,858,458
Essel Agro Private Limited		875,561,515		1,250,000,000
ITZ Cash Card Limited		198,983,510		-
Other related parties		21,478,633		3,015,431
<b>Amount written back</b>	<b>-</b>		<b>5,401,750</b>	
Zee Multimedia Worldwide Mauritius Limited		-		5,401,750
<b>Amount written off</b>	<b>211,490</b>		<b>3,243,874</b>	
Wire and Wireless (India) Limited		-		3,242,153
Other related parties		211,490		1,721
<b>Sale of investment in subsidiary</b>	<b>1,000</b>		<b>-</b>	
Essel Agro Private Limited		1,000		-

c) Balance at year end:

Particular	As at 31 March 2011		As at 31 March 2010	
	Total amount	Amount for major parties	Total amount	Amount for major parties
<b>Balances at the end of the year:</b>				
<b>With other related parties:</b>				
<b>Loans, advances and deposits given</b>	<b>469,282,201</b>		<b>4,696,110,481</b>	
Afro-Asian Satellite Comm. (UK) Limited		-		376,881,821 @
Afro-Asian Satellite Comm. (Gib.) Limited		-		827,708,050 @
Essel Agro Private Limited		220,018,763		1,095,580,278
Churu Trading Co. Private Limited		-		1,987,118,049
Other related parties		249,263,438		408,822,283 @

# Schedules forming part of the consolidated financial statements

(All amounts in Rupees)

Particular	As at 31 March 2011		As at 31 March 2010	
	Total amount	Amount for major parties	Total amount	Amount for major parties
<b>Provision outstanding against advances given and Debtors</b>	-		<b>1,226,597,671</b>	
Afro-Asian Satellite Comm. (UK) Limited		-		376,881,821 @
Afro-Asian Satellite Comm.(Gib.) Limited		-		827,708,050 @
Interactive Tradex Private Limited		-		10,136,508
Other related parties		-		11,871,292 @
<b>Loans, deposits and advances taken</b>	<b>231,500,000</b>		<b>411,379,634</b>	
Zee Entertainment Enterprises Limited		-		231,521,818
Wire and Wireless (India) Limited		231,500,000		-
Other related parties		-		179,857,816
<b>Creditors for expenses and other liabilities</b>	<b>1,434,811,607</b>		<b>1,624,315,585</b>	
Zee Entertainment Enterprises Limited		141,183,120		121,734,980
Zee Turner Limited		1,269,330,842		1,374,542,186
Essel International Limited		-		1,287,501,644
Other related parties		24,297,645		128,038,419
<b>Debtors</b>	<b>127,030,946</b>		<b>292,585,241</b>	
Asia Today Limited		27,736,712		106,641,178
Zee News Limited		33,710,543		19,888,296
Zee Entertainment Enterprises Limited		16,526,033		51,749,233
Wire and Wireless (India) Limited		14,167,131		88,004,185
Dakshin Media Gaming Solution Private Limited		27,012,196		27,012,196
Other related parties		7,878,330		34,734,476

@ Loans and advances given and related provisions adjusted as per the Scheme during the year.

Name of related party	Balance as at 31 March 2010	Provision as at 31 March 2010
<b>Loans, deposits and advances given</b>		
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	3,840,524	3,840,524

**d) Guarantees given by related parties in respect of secured loans:**

- i) As at 31 March 2011, personnel guarantees by key managerial personnel, along with his relative and corporate guarantee by Churu Trading Company Private Limited amounting to

# Schedules forming part of the consolidated financial statements

(All amounts in Rupees)

₹ 3,000,000,000 (previous year Nil), jointly and severally. The guarantee is outstanding as at the year end.

- ii) As at 31 March 2011, corporate guarantee by Churu Trading Company Private Limited amounting to ₹ 2,000,000,000 (previous year ₹ Nil). The guarantee is outstanding as at the year end.
- iii) As at 31 March 2011, corporate guarantee by Zee Entertainment Enterprises Limited amounting to ₹ 3,222,030,089 (previous year ₹ 3,222,030,089). During the previous year, the guarantee of ₹ 1,084,000,000 was released. The remaining guarantee is outstanding as at the year end.
- iv) As at 31 March 2011, corporate guarantee by Essel Infraprojects Limited and Rama Associates Limited amounting to ₹ 3,000,000,000 (previous year ₹ 3,000,000,000), jointly and severally. The guarantee is outstanding as at the year end.

## 12. Leases

### a) Obligation 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 except in rental of leases for office premises which are non-cancellable leases. The initial tenure of the lease generally is for 11 months to 108 months. The details of lease rental charges in respect of assets taken on operating leases are as under:

Particulars	For the year ended 31 March 2011	For the year ended 31 March 2010
Lease rental charges during the year (net of shared cost)	724,709,139	1,121,069,935
Sub-lease payment received (being shared cost)	59,582,238	115,808,590

Minimum lease payments for non-cancellable operating leases in respect of office premises:

Particulars	For the year ended 31 March 2011	For the year ended 31 March 2010
Within one year	11,794,377	11,300,163
Later than one year and not later than five years	46,487,281	46,095,748
Later than five years	3,255,526	15,366,081

### b) Assets given under operating lease:

The Group has leased out assets by way of operating lease and as on 31 March 2011 the gross book value of such assets, its accumulated depreciation and depreciation for the year are as given below:

Particulars	For the year ended 31 March 2011	For the year ended 31 March 2010
Gross value of assets	21,264,309,199	14,655,921,323
Accumulated depreciation	8,644,006,140	5,816,413,374
Net block	12,620,303,059	8,839,507,949
Depreciation for the year	3,368,794,229	2,732,087,582

The lease rentals received during the year in respect of non-cancellable operating leases and maximum obligations on long-term non-cancellable operating lease receivable as per the rentals stated in the agreement is as follows:

# Schedules forming part of the consolidated financial statements

(All amounts in Rupees)

Particulars	For the year ended 31 March 2011	For the year ended 31 March 2010
Lease rentals received during the year	1,985,345,059	1,500,742,489

Particulars	Total future minimum lease rentals receivable as on 31 March 2011	Total future minimum lease rentals receivable as on 31 March 2010
Within one year	1,815,498,293	1,617,523,940
Later than one year and not later than five years	1,428,812,994	1,578,358,773
Later than five years	-	-

The life of the Consumer Premise Equipment (CPE) for the purpose of depreciation has been estimated by the management as five years. However, in certain cases, the one-time advance contributions towards the CPEs in the form of rentals are recognised as revenue over a period of three years. The Group is in the process of streamlining the above practice.

c) **Obligation on finance lease:**

The Group had acquired CPEs on finance lease. The summary of gross value of such assets, its accumulated depreciation, depreciation charged during the year and capital work-in-progress is given as under:

Particulars	As at 31 March 2011	As at 31 March 2010
Gross value of the assets	^	582,942,170
Accumulated depreciation	^	9,134,524
Written down value (A)	^	573,807,646
Depreciation for the year	^	9,134,524
Capital work-in-progress (B)	^	925,717,013
<b>Total (A+B)</b>	^	<b>1,499,524,659</b>

Minimum lease payments of CPEs acquired on finance lease and their present value is as under:

Particulars	As at 31 March 2011	As at 31 March 2010
Minimum lease payments		
- Within one year	^	341,751,540
- Later than one year and not later than five years	^	1,341,020,466
- Later than five years	^	
Less: amount representing future interest	^	426,059,666
<b>Present value of minimum lease payments</b>	^	<b>1,256,712,340</b>

^ During the previous years, the Group acquired certain equipments aggregating ₹ 1,508,659,183. Based on the initial understanding, the transaction was recorded as a finance lease arrangement, i.e., the equipments were capitalized in the previous year with a corresponding 'Liability under finance lease'. However, based on the clarifications sought by the Group during the current year, the transaction has been considered in the nature of purchase of equipment on deferred payment basis. Accordingly, the accounting treatment has been rectified to reflect the above transaction in the nature of purchase with a corresponding liability for purchase of equipment, which was earlier reflected as 'Liability under finance lease'. However, this treatment does not have any implication on the loss for the year and carrying value of equipment and corresponding liability.

# Schedules forming part of the consolidated financial statements

(All amounts in Rupees)

13. The Company has been making payment of license fee to the Regulatory Authority considering the present legal understanding. However, in view of the ongoing dispute, the Company has made provision on a conservative basis considering the terms and conditions of the License given by the Regulatory Authority.

## 14. Provision for regulatory dues

Particulars	For the year ended 31 March 2011	For the year ended 31 March 2010
Opening provision	1,652,659,378	969,606,100
Add: Created during the year	1,480,226,778	1,062,384,548
Less: Utilised during the year	200,000,000	379,331,270
<b>Closing provision</b>	<b>2,932,886,156</b>	<b>1,652,659,378</b>

The above includes provision with respect to certain regulatory dues disputed by the Company with Regulatory Authority. The outflow of economic benefits with regard to the disputed portion would be dependent on the final decision by the Regulatory Authority.

## 15. Earnings per share

Reconciliation of basic and diluted shares used in computing earnings per share

Particulars	For the year ended 31 March 2011	For the year ended 31 March 2010
Loss for the year attributable to equity shareholders (in ₹)	1,919,834,024	2,622,046,089
Number of shares considered as weighted average shares outstanding for computing basic earnings per share	1,062,602,469	820,536,923
Nominal value per share (in ₹)	1	1
Basic and diluted earnings per share (in ₹)	(1.81)	(3.20)

Since the Company had losses during the current year and previous year, the share call money pending adjustment is considered to be anti-dilutive. Therefore, the basic and diluted earnings per share are the same.

## 16. Deferred tax assets

Components of deferred tax asset :

Particulars	For the year ended 31 March 2011	For the year ended 31 March 2010
<b>Deferred tax assets on account of:</b>		
- Depreciation	918,014,695	492,135,180
- Unabsorbed depreciation and tax losses	4,325,902,878	4,085,147,487
- Liability for leave encashment and retirement benefit provision	29,304,005	21,149,507
- Disallowance as per section 43B of Income Tax Act	2,088,196	1,035,697
- Demerger expenses as per section 35DD of Income Tax Act	44,635	89,270
- Provision for doubtful debts and advances	982,728	6,527,661
<b>Deferred tax assets</b>	<b>5,276,337,137</b>	<b>4,606,084,802</b>
<b>Recognised in the accounts</b>	-	-

In the absence of virtual certainty of realisation in future, deferred tax assets have not been recognized.

# Schedules forming part of the consolidated financial statements

(All amounts in Rupees)

During the previous year, the Group had recognised deferred tax assets amounting to ₹ 5,817,386 in respect of a subsidiary, to the extent of deferred tax liabilities recognised by the subsidiary in the earlier years. This resulted in a deferred tax credit of ₹ 5,817,386 in the previous year.

## 17. Prior period income and expenses

Particulars	For the year ended 31 March 2011	For the year ended 31 March 2010
<b>A) Income</b>		
Other income		
Interest income	-	22,849,593
Miscellaneous Income	31,136,172	-
<b>Total income</b>	<b>31,136,172</b>	<b>22,849,593</b>
<b>B) Expenses</b>		
Rates and taxes	-	46,336
Electricity charges	-	7,825
Legal and professional fee	-	17,500
Communication expenses	-	428
Travelling and conveyance	-	29,316
Freight, cartage and demurrage	-	72,700
Business promotion expenses	-	36,400
Commission	-	1,314,379
Interest expense	9,898,687	45,172
Depreciation (also refer to note 6 of this schedule)	91,901,502	-
<b>Total expenses</b>	<b>101,800,189</b>	<b>1,570,056</b>
<b>Net income/(expense) (A-B)</b>	<b>(70,664,017)</b>	<b>21,279,537</b>

Also refer to note 6 and note 9 of this schedule.

## 18. Foreign currency transactions

- a) The Group during the year ended 31 March 2009 had opted for accounting for the exchange differences arising on reporting of long term foreign currency monetary items in line with the Companies (Accounting Standards) Amendment Rules, 2009 on Accounting Standard 11 (AS-11), notified by the Government of India on 31 March 2009. Accordingly, in the current year, foreign currency exchange gain of ₹ 86,023,526 has been adjusted (previous year ₹ 273,681,517) in the value of fixed assets and ₹ 3,026,407 (previous year ₹ 1,453,273) in the capital work in progress.
- b)
  - i) The Group has outstanding currency and interest swap transactions in respect of US Dollar 42,871,349 (previous year US Dollar 9,301,500) at fixed amount of ₹ 1,966,024,362 (₹ 455,633,978) which will be settled at future date. The purpose of this derivative contract is for repayment of loans and interest rate swap of US Dollar 42,871,349. The Group has not entered into derivative instruments for speculation purpose. During the year, the Group has recorded and provided for marked to market loss on derivative instruments of ₹ 12,448,574 (previous year ₹ Nil).
  - ii) Foreign currency transactions outstanding as on balance sheet date that are not hedged by derivative instruments or otherwise are as under:

# Schedules forming part of the consolidated financial statements

(All amounts in Rupees)

Particulars	As at 31 March 2011		As at 31 March 2010	
	Amount in USD	Amount in ₹	Amount in USD	Amount in ₹
Balances with non scheduled bank	38,790,247	1,731,984,526	47,964,495	2,165,117,321
Receivables	3,251,213	145,166,680	2,214,232	99,950,452
Loans and borrowings	79,086,811	3,531,226,109	19,783,206	893,013,919
Sundry creditors	23,521,051	1,015,717,162	58,814,967	2,654,900,100

19. The Company implemented a Scheme of Amalgamation and Arrangement (also refer to note 4 of this schedule) in the current year. Accordingly, the current year figures are not directly comparable with those of the previous year.
20. Figures of the previous year have been regrouped/rearranged, wherever considered necessary, to conform to the current year presentation. Significant items in this regard are as under:
- Term loans from banks and buyers credit as at 31 March 2010 of ₹ 3,000,000,000 and ₹ 2,517,649,577 respectively, have been corrected and shown under 'Secured loans', as compared to previous year's presentation under 'Unsecured loans'.
  - Forward cover payable of ₹ 35,764,268 as at 31 March 2010 has been disclosed separately under 'Current liabilities', instead of previous year's presentation of 'buyer's credit' under 'Secured loans'.
  - Certificate of deposits amounting to ₹ 2,000,000,000 with SICOM Limited as at 31 March 2010 has been shown under 'Investments', as compared to previous year's presentation under 'Loans and advances'.
  - Interest accrued but not due on fixed deposits and others of ₹ 6,757,457 has been shown under 'Other current assets', as compared to previous year's presentation under 'Loans and advances'.
  - 'Other liabilities' of ₹ 156,921,976 as at 31 March 2010 primarily in the nature of statutory dues have been shown separately under 'Current liabilities', instead of earlier presentation as 'Creditors for expenses'.
  - Provision for regulatory dues of ₹ 1,652,659,378 as at 31 March 2010 has been disclosed separately under 'Provisions', instead of previous year's presentation as 'Creditors for expenses' under 'Current liabilities'.
  - Interest income of ₹ 387,907,641 for the year ended 31 March 2010 has been disclosed separately under 'Other income', as compared to previous year's presentation of netting it off against 'Interest expense'.
  - 'Advertisement income' of ₹ 10,995,976 for the year ended 31 March 2010 has been disclosed separately under 'Sales and services' as compared to previous year's presentation of under 'Other operating income'.
  - 'Liabilities written back' of ₹ 8,109,224 for the year ended 31 March 2010 has been disclosed separately under 'Other income' as compared to previous year's presentation of under 'Miscellaneous income'.
  - Gross block of viewing card (VC) of ₹ 1,164,735,190 and accumulated depreciation of ₹ 383,258,109 as at 31 March 2010 have been disclosed under 'Consumer premises equipments' as compared to previous year's presentation of under 'Plant and machinery' in the financial statements of the subsidiary company.

# Schedules forming part of the consolidated financial statements

(All amounts in Rupees)

- 'Other operating charges' of ₹ 240,983,768 for the year ended 31 March 2010 have been disclosed under 'Programming and other cost'.

The above do not have any impact on the loss for the previous year and current year.

For **B S R & Co.**  
Chartered Accountants  
Firm Registration No. 101248W

For and on behalf of the Board of Directors of  
**Dish TV India Limited**

**Kaushal Kishore**  
Partner  
Membership No. 090075

**Jawahar Lal Goel**  
Managing Director

**B. D. Narang**  
Director

**Rajeev K. Dalmia**  
Chief Financial Officer

**Ranjit Singh**  
Company Secretary

Place : Gurgaon  
Dated : 23 May 2011

Place : Noida  
Dated : 23 May 2011

## Details pertaining to Subsidiary Company as per the requirement of Para (IV) of the directions under Section 212(8) of the Companies Act, 1956, issued by the Ministry of Corporate affairs vide General Circular No. 2/2011 Dated February 8, 2011

(Amount in ₹)

Particulars	Integrated Subscriber Management Services Limited
Share Capital	15,00,000
Reserve and Surplus (Including debit balance of Profit & Loss Account)	(131,373,760)
Total Assets	1,265,038,966
Total Liabilities	1,394,912,726
Investments (excluding subsidiaries)	-
Turnover	751,418,615
Profit/(Loss) before tax	69,085,703
Provision for tax	(2,934,059)
Profit/(Loss) after tax	72,019,762
Proposed Dividend	-