

ATTACHMENT TO ANNUAL REPORT

SUBSIDIARY COMPANIES

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DIRECTORS' REPORT

To the Members,

Your Directors have pleasure in presenting the 7th Annual Report and Audited Accounts of the Company for the Financial Year ended March 31, 2007.

FINANCIAL HIGHLIGHTS

(Rs. In '000')

Particulars	Year ended March 31, 2007	Year ended March 31, 2006
Sales and Services	–	40,487.64
Other Income	12,286.67	4,637.61
Less:		
Expenditure	16,599.35	65,544.03
Profit/(Loss) before tax	(4,312.68)	(20,418.78)
Provision for tax	15.10	133.00
Net Profit/(Loss) after tax	(4,327.78)	(20,551.78)

DIVIDEND

Your Directors have not recommended any dividend for the year under review.

DIRECTORS

In accordance with the provisions of Articles 92(2) of the Articles of Association of the Company, Mr. Atul Goel, Director, will retire by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment. Your Board has recommended his re-election.

AUDITORS

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

AUDITORS' REPORT

The notes appended to the Schedule to the accounts are self explanatory and therefore do not call for any further clarifications or explanations under Section 217 (3) of the Companies Act, 1956, for observation and comments referred to in the Auditor' Report. However Auditors have qualified about the going concern basis for preparation of accounts. Management is of the view that there is lot of synergy in the business activities of the Company with the holding Company in the benefit of which will emerge in future years.

PUBLIC DEPOSITS

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

SUBSIDIARY COMPANIES

Your Company has no subsidiaries.

RESPONSIBILITY STATEMENT

In terms of and pursuant to Section 217 (2AA) of the Companies Act, 1956, your Directors, in relation to the Annual Statement of Accounts for financial year 2006-2007, state and confirm that:

- the Accounts had been prepared on a 'going concern' basis and in such preparation the applicable accounting standards had been followed with proper explanation relating to material departures;
- your Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year, and of the loss of the Company for that year; and
- your Directors had taken proper and sufficient care for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 as amended, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

PARTICULARS OF EMPLOYEES

None of the employees are covered under Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975.

AUDIT COMMITTEE

The Company has constituted an Audit Committee as per Section 292A of the Companies Act, 1956. The Audit Committee of the Company consists of Mr. Punit S. Goenka, Mr. Atul L. Goel and Mr. Amit Satya Narain Goyal. The Audit Committee met twice during the year on September 1, 2006 and March 20, 2007.

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

Pursuant to Section 217(1)(e) of the Companies Act, 1956 read with the Companies(Disclosures of particulars in the report of the Board of Directors) Rules, 1988, the following information is provided:

- Conservation of energy**
Our Company is not an energy intensive unit, however regular efforts are made to conserve energy.
- Research and Development**
The Company did not have any business activity during the year.
- Foreign exchange earnings and outgo**

Particulars of foreign currency earnings and outgo during the year are given in Note No. 24(h)(iii) to the Accounts forming part of the Annual Accounts.

ACKNOWLEDGEMENT

Your directors thank the Company's clients, vendors, shareholders and bankers for their support during the year. They place on record their appreciation of the contribution made by employees at all levels, who through their competence and hard work have provided strength to the Company. Your directors thank the government and its various agencies for their support and look forward to their continued support in the future.

For and on behalf of the Board of Directors

Amit Goel
Director

Punit Goenka
Director

Place : Mumbai,
Date : June 27, 2007

AUDITORS' REPORT

To,
The Members of
Agrani Convergence Limited

1. We have audited the attached Balance Sheet of **Agrani Convergence Limited**, as at March 31, 2007 and also the Profit and Loss account and the Cash Flow Statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (hereinafter referred to as "the Order") issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956 ("the Act"), on the basis of such checks as we considered appropriate and according to the information and explanations given to us, during the course of our audit, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments, in the Annexure referred to in paragraph 3 above, we report that:
 - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c) The Balance Sheet, the Profit and Loss account and Cash Flow statement dealt with by this report are in agreement with the books of account;
 - d) In our opinion, the Balance Sheet, the Profit and Loss account and Cash Flow statement complies with the accounting standards referred to in sub-section (3C) of Section 211 of the Act;
 - e) On the basis of written representation received from the directors, and taken on record by the Board of Directors, we report that none of the directors are disqualified as on March 31, 2007, from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act;
 - f) In our opinion and to the best of our information and according to the explanations given to us, the said

accounts, *subject to preparation of financial statements on going concern basis despite uncertainty of future business activities* read together with the significant accounting policies and notes thereon, give the information required by the Act, in the manner so required and give a true and fair view, in conformity with the accounting principles generally accepted in India:

- i) In the case of the Balance Sheet of the State of Affairs of the company as at March 31, 2007;
- ii) In the case of Profit and Loss account of the Loss of the company for the year ended on that date; and
- iii) In the case of Cash Flow statement, of the cash flows for the year ended on that date.

Hitendra Bhandari

M. No. 107832

Partner

For and on behalf of

MGB & Co.

Chartered Accountants

Place : Mumbai

Date : June 27, 2007

ANNEXURE REFERRED TO IN PARAGRAPH 3 OF THE AUDITORS' REPORT TO THE MEMBERS OF AGRANI CONVERGENCE LIMITED ON THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2007

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Management has physically verified all the fixed assets during the year. In our opinion, the frequency of verification is reasonable having regard to the size of the Company and nature of its fixed assets. According to the information and explanations given to us, the discrepancies found on physical verification were not material and have been properly dealt with in the books of account.
- (c) The Company has disposed off a substantial part of the fixed assets on account of closure of business operations of the Company. The disposal of fixed assets has in our opinion affected the going concern status of the Company.
- (ii) (a) As explained to us, the stock in trade have been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable.
- (b) In our opinion, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to size of the Company and nature of its business.
- (c) On the basis of our examination of records, in our opinion, the Company is maintaining proper records of inventory. The discrepancies noticed between the physical stocks and the book records were not material and have been properly dealt with in the books of account.

- (iii) (a) According to the information and explanations given to us, the Company has not granted any loan, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Act. Accordingly sub-clause (b), (c) and (d) of the Order are not applicable to the Company.
- (b) According to the information and explanations given to us, the Company has not taken any loan, secured or unsecured, from companies, firms or other parties covered in the register maintained under Section 301 of the Act. Accordingly sub-clause (f) and (g) of the Order are not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets, and for the sale of goods and services. During the course of audit, we have not observed any continuing failure to correct major weakness in these internal control systems.
- (v) According to the information and explanations given to us, there are no transactions that need to be entered into the register maintained under Section 301 of the Act.
- (vi) According to the information and explanations given to us, the Company has not accepted any deposits from the public.
- (vii) *The Company did not have any internal audit system during the year.*
- (viii) We are informed that the Central Government has not prescribed maintenance of cost records under Section 209 (1)(d) of the Act for the activities of the Company.
- (ix) (a) According to the records of the Company, the undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employee's State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues as applicable have generally been regularly deposited by the Company during the year with the appropriate authorities *except delay in few cases*. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at March 31, 2007 for a period of more than six months from the date they became payable except the following:

Name of the statute	Nature of Dues	Amount (Rs.)	Period to which the Amount relates
The Profession Tax Act	Professional Tax	38,185	2002-2006
Sales Tax	Sales Tax	16,396	2002-2003
	Sales Tax	472	2003-2004

- (b) According to the records of the Company, there are no disputed matters pending with Sales Tax, Income Tax, Customs Duty, Wealth Tax, Service Tax, Excise and Cess authorities, except the following:

Name of the Statute	Nature of the Dues	Amount (Rs.)	Period to which the Amount Relates Financial Year	Forum where dispute is Pending
Sales Tax	Sales Tax	3,144,271	2003-2004	Additional Commissioner, Sales Tax, New Delhi
Sales Tax	Sales Tax	93,768,756	2003-2004	Joint Commissioner, Trade Tax, Noida

- (x) *The Accumulated losses of the Company have exceeded fifty percent of its net worth as at March 31, 2007. The Company has incurred cash loss in current financial year as well as in the immediately preceding financial year.*
- (xi) On the basis of our examination and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to banks/financial institutions.
- (xii) The Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, considering the nature of activities carried on by the Company during the year, the provisions of any special statute applicable to chit fund/nidhi/mutual benefit fund/societies are not applicable to it.
- (xiv) According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments.
- (xv) In our opinion, the Company has not given any guarantees for loans taken by others from banks and financial institutions.
- (xvi) According to the information and explanations given to us, the Company has not raised any term loan during the year.
- (xvii) On the basis of utilisation of funds, which is based on overall examination of Balance Sheet of the Company and related information as made available to us, we report that short-term funds have not been used for long-term purposes.
- (xviii) The Company has not made preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act.
- (xix) The Company has not issued any debentures during the year.
- (xx) The Company has not raised any money through public issue during the year.
- (xxi) Based upon the audit procedures performed and according to information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

Hitendra Bhandari

M. No. 107832

Partner

For and on behalf of
MGB & Co.
Chartered Accountants

Place : Mumbai

Date : June 27, 2007

BALANCE SHEET AS AT MARCH 31,

(Currency : Indian Rupees)

PARTICULARS	Notes	2007	2006
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share Capital	2	244,520,460	244,520,460
LOAN FUNDS			
Unsecured Loans	3	184,783,000	178,783,000
TOTAL		429,303,460	423,303,460
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross Block (at cost)	4	896,336	21,930,525
Less: Depreciation upto date		842,499	6,786,441
Net Block		53,837	15,144,084
INVESTMENTS	5	25,500	25,500
CURRENT ASSETS, LOANS AND ADVANCES			
Inventories	6	391,650	391,650
Sundry Debtors	7	17,450,076	25,258,429
Cash and Bank Balances	8	2,215,735	6,952,620
Loans and Advances	9	14,840,711	6,892,093
		34,898,172	39,494,792
Less:			
CURRENT LIABILITIES AND PROVISIONS			
Current Liabilities	10	11,418,062	32,765,672
Provisions	11	148,100	159,566
		11,566,162	32,925,238
NET CURRENT ASSETS		23,332,010	6,569,554
PROFIT AND LOSS ACCOUNT		405,892,113	401,564,323
TOTAL		429,303,460	423,303,460

The accompanying notes form an integral part of these financial statements.

As per our attached report of even date

For and on behalf of the Board

Hitendra Bhandari
Partner

For and on behalf of
MGB & Co.
Chartered Accountants

Place : Mumbai
Date : June 27, 2007

Amit Goel
Director

Punit Goenka
Director

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31,

(Currency : Indian Rupees)

PARTICULARS	Notes	2007	2006
INCOME			
Sales and Services	12	–	40,487,636
Other Income	13	12,286,668	4,637,612
TOTAL		12,286,668	45,125,248
EXPENDITURE			
Cost of sales	14	–	41,673,999
Personnel Cost	15	431,893	5,141,270
Administrative and Other Expenses	16	13,560,149	14,827,080
Financial Expenses	17	280,385	516,120
Depreciation	4	2,326,930	3,385,569
TOTAL		16,599,357	65,544,037
Profit/(Loss) for the year before tax		(4,312,689)	(20,418,789)
Provision for Tax : Current		–	–
: Deferred {Refer Note 21(b)}		–	–
: Fringe Benefit Tax		15,100	133,000
Profit/(Loss) for the year after Tax		(4,327,789)	(20,551,789)
Add: Balance brought forward		(401,564,324)	(381,012,538)
Balance carried forward		(405,892,113)	(401,564,327)
Basic and Diluted Earning Per Share		(0.18)	(0.84)

The accompanying notes form an integral part of these financial statements.

As per our attached report of even date

For and on behalf of the Board

Hitendra Bhandari
Partner

For and on behalf of
MGB & Co.
Chartered Accountants

Place : Mumbai
Date : June 27, 2007

Amit Goel
Director

Punit Goenka
Director

NOTES TO THE FINANCIAL STATEMENTS AS AT MARCH 31,

(Currency : Indian Rupees)

PARTICULARS	2007	2006
2. SHARE CAPITAL		
Authorised -		
27,000,000 Equity Shares of Rs. 10/- each.	270,000,000	270,000,000
TOTAL	270,000,000	270,000,000
Issued, subscribed and paid-up		
24,452,046 Equity Shares of Rs.10/- each fully paid-up	244,520,460	244,520,460
[Of the above, 12,470,537 equity shares are held by the holding company viz. Dish TV India Limited (formerly ASC Enterprises Limited) and its nominees]		
TOTAL	244,520,460	244,520,460
3. UNSECURED LOANS		
Intercompany Deposit		
– From Holding Company	6,000,000	–
– From Others	178,783,000	178,783,000
(Interest free & repayable on demand)		
TOTAL	184,783,000	178,783,000
4. FIXED ASSETS (AT COST)		

Description of Assets	Gross Block			As At 31.03.2007	Upto 31.03.2006	Depreciation			Net Block	
	As At 01.04.2006	Additions	Deductions			For the Year	Up to 31.03.2007	As At 31.03.2007	As At 31.03.2006	
A) TANGIBLE ASSETS										
Computers	840,140	–	–	840,140	680,935	136,187	–	817,122	23,018	159,205
Office Equipment	10,600	–	–	10,600	953	504	–	1,457	9,143	9,647
Furniture and Fixtures	12,528	–	–	12,528	1,254	793	–	2,047	10,481	11,274
Vehicles	–	–	–	–	–	–	–	–	–	–
Leasehold Improvements	–	–	–	–	–	–	–	–	–	–
Plant and Machinery	–	–	–	–	–	–	–	–	–	–
Integrated Receiver Decoders*	20,240,048	–	20,240,048	–	6,048,876	2,024,005	8,072,881	–	–	14,191,172
Demonstration Equipment*	794,142	–	794,142	–	39,163	158,828	197,991	–	–	754,978
Radio Sets	–	–	–	–	–	–	–	–	–	–
Total - A	21,897,458	–	21,034,190	863,268	6,771,182	2,320,317	8,270,872	820,626	42,642	15,126,275
B) INTANGIBLE ASSETS										
Computer Softwares	33,068	–	–	33,068	15,259	6,614	–	21,873	11,195	17,809
Total - B	33,068	–	–	33,068	15,259	6,614	–	21,873	11,195	17,809
Current Year Total - (A+B)	21,930,525	–	21,034,190	896,335	6,786,441	2,326,930	8,270,872	842,498	53,837	15,144,084
Previous Year Total	80,329,659	794,142	59,193,275	21,930,526	27,834,685	2,308,208	23,356,454	6,786,441	15,144,084	

Note: Above includes assets given on operating lease - Refer Note No. 20(b).

NOTES TO THE FINANCIAL STATEMENTS AS AT MARCH 31,

(Currency : Indian Rupees)

PARTICULARS	2007	2006
5. INVESTMENTS		
NSC VIII issue (Pledge with Sales Tax Authorities)	25,500	25,500
TOTAL	25,500	25,500
6. INVENTORIES		
(As taken, valued and certified by the management)		
Stock-in-trade	391,650	391,650
TOTAL	391,650	391,650
7. SUNDRY DEBTORS		
(unsecured, considered good unless otherwise stated)		
(a) Over Six Months (considered doubtful Rs.13,238,905) (Previous Year: Rs. 13,334,149)	30,611,263	24,458,663
(b) Others (considered doubtful Rs. Nil)	-	14,133,915
	30,611,263	38,592,578
Less: Provision for doubtful debts	13,161,188	13,334,149
TOTAL	17,450,075	25,258,429
8. CASH AND BANK BALANCES		
Cash on Hand	-	657
Balances with Scheduled Banks in:		
Current Account	2,088,735	3,800,563
Fixed Deposits*	127,000	3,150,606
TOTAL	2,215,735	6,952,620
* Inclusive of FD of Rs. 122,000/- pledged to Sales Tax Authorities		
9. LOANS AND ADVANCES		
(unsecured and considered good unless otherwise stated)		
Loans	6,600,000	800,000
Advances (Refer Note 22) (recoverable in cash or in kind or for value to be received)	8,134,811	5,698,074
Deposits	105,900	394,019
TOTAL	14,840,711	6,892,093

NOTES TO THE FINANCIAL STATEMENTS AS AT MARCH 31,

(Currency : Indian Rupees)

PARTICULARS	2007	2006
10. CURRENT LIABILITIES		
Sundry Creditors [Refer Note No. 25 (c)]		
For Goods	5,345,328	13,635,369
For Expenses and Others	4,198,124	6,241,104
Trade Deposits/Advance Received	1,874,609	12,889,199
TOTAL	11,418,061	32,765,672
11. PROVISIONS		
Provisions for Retirement Benefits	-	26,566
Provisions for Fringe Benefit Tax	148,100	133,000
TOTAL	148,100	159,566

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31,

(Currency : Indian Rupees)

PARTICULARS	2007	2006
12. SALES AND SERVICES		
Sale of Goods	-	32,595,003
Service Income	-	6,633,125
Lease Rentals	-	1,259,509
TOTAL	-	40,487,637
13. OTHER INCOME		
Interest (Gross) {TDS Rs.134,308/- [Rs. 29,434/-]}	631,648	130,224
Profit on sale of Fixed Assets (Net)	-	53,840
Miscellaneous Income	169,444	148,317
Provision for doubtful debts reversed	172,961	-
Liability no longer required written back	2,672,956	4,305,232
Deposit and Advance written back	8,639,659	-
TOTAL	12,286,667	4,637,612
14. COST OF SALES		
A. Cost of Goods Sold		
Opening Stock	391,650	7,589,454
Add: Purchases during the year	-	28,594,311
	391,650	36,183,765
Less: Closing Stock	391,650	391,650
TOTAL (A)	-	35,792,115
B. Direct Expenses - SMS 7575	-	5,881,884
TOTAL (B)	-	5,881,884
TOTAL (A) + (B)	-	41,673,999

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
MARCH 31,

(Currency : Indian Rupees)

PARTICULARS	2007	2006
15. PERSONNEL COST		
Salaries and allowances	400,116	4,522,352
Contribution to Provident and Other Funds	10,554	236,151
Staff Welfare expenses	21,223	382,767
TOTAL	431,893	5,141,270
16. ADMINISTRATIVE AND OTHER EXPENSES		
Rent	45,000	2,580,652
Rates and Taxes	35,489	84,030
Insurance	-	273,985
Communication Charges	18,009	444,689
Electricity and Water Charges	-	209,501
Travelling and Conveyance Expenses (Includes Directors Rs.Nil - Previous year Rs. 29,046)	167,315	426,449
Printing and Stationery	15,966	77,873
Legal and Professional Charges	470,070	608,768
Repair and Maintenance Others	-	54,824
Vehicle Hiring and Maintenance Expenses	21,310	406,162
Miscellaneous Expenses	34,712	171,105
Audit Fees	103,303	224,480
Warehousing Charges	69,895	151,011
Freight, Octroi and Others	-	142,907
Store Consumables	-	-
Store and Office Maintenance Charges	59,025	1,182,590
Provisions for doubtful debts & advances	-	7,707,131
Miscellaneous Expenses Write Off	352,889	-
Bad Debts Write off	-	80,921
Loss on sale/discard of assets	12,167,167	-
TOTAL	13,560,148	14,827,076
17. FINANCIAL EXPENSES		
Interest:		
Bank	-	254,566
Others	254,507	250,323
Bank Charges	25,878	11,231
TOTAL	280,385	516,121

NOTES TO THE FINANCIAL STATEMENTS

18. SIGNIFICANT ACCOUNTING POLICIES:

- a) Accounting Convention:
- (i) The Financial Statements have been prepared under Historical Cost Convention and in accordance with the accounting standards referred to in Section 211 (3C) of the Companies Act, 1956.
 - (ii) The Company follows mercantile system of accounting and recognises income and expenditure on accrual basis except those with significant uncertainties.
- b) Fixed Assets and Depreciation:
- (i) Fixed assets are stated at cost less depreciation. Cost comprises of capital cost and any attributable cost of bringing the asset to its working condition for its intended use.
 - (ii) Depreciation is provided on the straight-line method in the manner laid down in Schedule XIV of the Companies Act, 1956 except in the case of followings on which depreciation is provided at the rates based on management's estimated economic useful lives of these assets:

Assets	Rates (%)
Demonstration Equipments	20%
Decoders	10%
Softwares	20%

- c) Transactions in Foreign Currency:
Transactions in foreign currencies are accounted for at the equivalent rupee value on the date of transaction. Foreign currency assets and liabilities not covered by forward exchange contracts are realigned at the exchange rate prevailing at the year end and difference on realignment is adjusted in the respective capital head or recognized in the Profit & Loss Account.
- d) Revenue Recognition:
- (i) Sales are recognised when goods are invoiced on dispatch to customers.
 - (ii) Service income is recognised when services are rendered.
 - (iii) Rentals are recognised on accrual basis as per the terms of the contract.
- e) Inventories:
Inventories are valued at lower of cost or net realisable value. Cost is determined on first in first out basis.
- f) Retirement Benefits:
- (i) The Company has subscribed to Employees Group Gratuity-cum-Life Assurance (Cash Accumulation) Scheme of the LIC of India and contribution made is charged to Profit & Loss Account.
 - (ii) Liability for Leave Encashment at the year end is provided on the basis of actuarial valuation.
 - (iii) Contribution paid to provident fund and other funds are charged to Profit and Loss Account.
- g) Operating Leases:
Lease of assets under which all the risk and rewards of ownership are effectively retained by the Lessor are classified as operating leases. Lease payments under operating leases are recognised as an expense on accrual basis in accordance with respective lease agreements.
- h) Taxes on Income:
- (i) Current tax is determined as the amount of tax payable in respect of taxable income for the year.
 - (ii) Deferred tax is recognised, subject to consideration of prudence, on timing differences, 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.
- i) Earning Per Share:
Basic earning per share is computed and disclosed using the weighted average number of common shares outstanding during the year. Diluted earning per share is computed and disclosed using the weighted average number of common and dilutive common equivalent shares outstanding during the year except where the result would be anti dilutive.

NOTES TO THE FINANCIAL STATEMENTS

j) Impairment of Assets:

If the carrying amount of fixed assets exceeds the recoverable amount on the reporting date, the carrying amount is reduced to the recoverable amount. The recoverable amount is measured at the higher of the net selling price and value in use determined by the present value of estimated cash flows.

19. The Board of Directors vide resolution dated March 1, 2005 have decided to close the major part of the business operation of the Company. In view of the closure plan, the fixed assets, current assets, loan and advances have been carried at estimated net realisable value.

20. LEASES:

- a) The Company's significant leasing arrangements are in respect of operating leases taken for offices, residential premises, godowns, stores, etc. These leases are cancellable operating lease agreements that are renewable on a periodic basis at the option of both the lessor and lessee. The initial tenor of the lease is 33 months. The total lease charges for the year are Rs. 45,000 (Rs. 2,580,652).
- b) The Company has leased assets under cancellable operating lease. 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. Nil (Rs. 1,259,509).

Description of Assets	Gross Book Value (Rs.)		Accumulated Depreciation		Depreciation for the year	
				(Rs.)		(Rs.)
Radio Sets	Nil	(Nil)	Nil	(Nil)	Nil	(1,077,361)
Integrated receiver Decoders	Nil	(20,240,048)	Nil	(6,048,875)	2,024,005	(2,024,004)
TOTAL	Nil	(20,240,048)	Nil	(6,048,875)	2,024,005	(2,024,004)

21. TAXES ON INCOME:

- a) In view of the brought forward losses and the losses incurred during the year, no provision for taxation is considered necessary under the Income Tax Act, 1961
- b) In accordance with the Accounting Standard 22 on "Accounting for Taxes on Income Tax" (AS-22) issued by ICAI, deferred tax assets and liabilities should be recognised for all timing differences in accordance with the said standard. However, considering the present financial position and requirement of the accounting standard regarding certainty/virtual certainty, the same is not provided. The same will be reassessed at a subsequent Balance Sheet date and will be accounted for in the year of certainty/virtual certainty in accordance with the aforesaid accounting standard.

22. ADVANCES GIVEN:

The Company has granted advances to companies under the same management under the erstwhile Section 370(1B) of the Companies Act, 1956. The details are as under:

Name of the Company	Amount due as at March 31, 2007 (Rs.)		Maximum amount due at any time during the year (Rs.)	
Procall Private Ltd.	Nil	(224,160)	Nil	(224,160)
Quickcalls Private Ltd.	761,916	(922,256)	761,916	(769,830)

23. RELATED PARTY DISCLOSURES:

List of parties where control exists:

- (a) Holding Company - Dish TV India Limited (extent of holding 51%)
- (b) Fellow Subsidiary Companies - Agrani Satellite Services Limited
- (c) Other related parties with whom the Company had transactions during the year and balances outstanding as on the last day of the year i.e. March 31, 2007:

Other Related Parties:

Quickcalls Private Limited, Procall Private Limited, Zee Entertainment Enterprises Limited, Pan India Infravest Network Private, E-City Entertainment Private Limited, Zee Turner Limited, Intrex India Limited, Integrated Subscribers Management Services Limited, Zee Interactive Learning Systems Limited, Zee Sports Limited, Interactive Tradex India Private Limited, Ganjam Trading Co. Private Limited, Agrani Telecom Limited.

NOTES TO THE FINANCIAL STATEMENTS

(d) **Key Management Personnel:**

Mr. Punit Goenka, Mr. Atul Goel, Mr. Amit Goel.

Transaction with related parties:-

(Currency : Indian Rupees)

Particulars Company	Holding Company Company 2006-2007	Holding Parties 2005-2006	Other Related Parties 2006-2007	Other Related 2005-2006
Sales to & recoveries from	—	—	—	25,068,645
Agrani Telecom Limited	—	—	—	838,237
Quick Call Private Limited	—	—	—	18,504,377
Procall Private Limited	—	—	—	5,726,031
Purchases & other services from	—	—	—	2,453,801
Intrex India Limited	—	—	—	2,260,873
Procall Private Limited	—	—	—	130,040
Siti Cable Network Limited	—	—	—	62,888
Sale of fixed assets	—	—	596,151	4,570,145
Agrani Telecom Limited	—	—	596,151	—
Siti Cable Network Limited	—	—	—	1,216,121
Quick Call Private Limited	—	—	—	3,354,024
Advance given	—	—	1,603,675	16,829,325
Agrani Telecom Limited	—	—	635,026	3,625,000
Quick Call Private Limited	—	—	968,649	11,108,219
Procall Private Limited	—	—	—	2,055,764
Smart Talk Private Limited	—	—	—	40,342
Refund of advance given	16,400	—	1,797,751	19,371,108
Quick Call Private Limited	—	—	1,128,989	14,349,816
Agrani Telecom Limited	—	—	668,762	2,825,000
Procall Private Limited	—	—	—	186,481
E City Entertainment India Private Limited	—	—	—	482,647
Smart Talk Private Limited	—	—	—	961,458
Zee Entertainment Enterprises Limited	—	—	—	565,706
Advance received	—	—	3,336	3,266,212
Smart Talk Private Limited	—	—	3,226	—
Bhilwara Telenet Services Private Limited	—	—	—	116,212
Procall Private Limited	—	—	—	2,475,000
Agrani Telecom Limited	—	—	—	675,000
Repayment of advance received	—	—	1,948,860	16,015,232
Smart Talk Private Limited	—	—	289,979	—
Bhilwara Telenet Services Private Limited	—	—	1,181,281	3,100
Procall Private Limited	—	—	477,600	1,000,000
Zee Entertainment Enterprises Limited	—	—	—	15,012,132
Loan taken	—	—	—	—
Ganjam Trading Co. Private Limited	6,000,000	—	—	178,783,000
	—	—	—	178,783,000
Advance against Share Application	—	—	—	—
Money received	—	55,571,668	—	—
Repayment of Advance against Share	—	—	—	—
Application Money	—	178,783,464	—	—
Balance Outstanding as on March 31, 2007	—	—	—	—
Debtors	6,114,861	6,183,986	20,025,392	24,460,043
Interactive Tradex Private Limited	—	—	10,136,50	10,136,508
Agrani Telecom Limited	—	—	838,237	838,237
Quick Call Private Limited	—	—	9,050,647	13,485,298
Loan/Deposits/Advances Given	1,136,833	1,153,233	1,966,728	1,564,653
Zee Turner Limited	—	—	456,024	456,024
Quick Calls Private Limited	—	—	761,916	922,256
Agrani Telecom Limited	—	—	748,788	186,373
Loan/Deposits/Advances Received	6,000,000	—	179,385,471	181,331,105
Ganjam Trading Co. Private Limited	—	—	178,783,000	178,783,000
Procall Limited	—	—	580,653	1,058,253
Zee Entertainment Enterprises Limited	—	—	21,818	21,818
Smart Talk Private Limited	—	—	—	286,753
Bhilwara Telenet Services Private Limited	—	—	—	1,181,281
Creditors	—	—	3,068,614	3,568,614
Intrex India Limited	—	—	3,568,614	3,568,614

NOTES TO THE FINANCIAL STATEMENTS

24. SEGMENTAL REPORTING:

The Company is not engaged in any business activities during the year, hence segmental information as per AS-17 is not given.

25. MISCELLANEOUS:

- a) Certain debit and credit balances are subject to confirmation and reconciliation, if any.
- b) In the opinion of the Board, the current assets, loans and advances are approximately of the value stated if realised in the ordinary course of business and provision for all known liabilities has been made in the accounts.
- c) As per the information available with the Company and relied upon by the auditors, there is no amount due as on March 31, 2007 to small-scale industrial undertaking.
- d) Bank Balance includes inoperative accounts having balance of Rs. 111,488, which are yet to be confirmed by the banks.
- e) There are no employees in the Company at the year end and hence provision for retirement benefits is not required.
- f) Contingent liabilities not provided for: (Currency : Indian Rupees)

Particulars	Year ended 31.03.2007 (Rs.)	Year ended 31.03.2006 (Rs.)
Bank Guarantee	5,000	527,000
Sales Tax*	99,144,271	3,144,271
Claim against the Company not acknowledged as debt.	Unascertained	Unascertained

*The Company has received a demand notice from Sales Tax Authorities amounting to Rs. 96,000,000. This liability is disputed by the Company and appeal filed before the appellate authorities. The Sales Tax authorities have attached a bank account of the Company and Rs. 2,231,244 has been recovered.

- g) **Auditors' Remuneration :** (Currency : Indian Rupees)

Particulars	Year ended 31.03.2007 (Rs.)	Year ended 31.03.2006 (Rs.)
Audit Fees	25,000	175,000
Tax Audit Fees	10,000	25,000
Others	57,000	25,000
Service Tax & out of pocket expenses	11,303	24,480

- h) Additional information pursuant to the provisions of paragraph 3 & 4 of Part II of Schedule VI to the Companies Act, 1956 are Nil or not applicable except the following:
 - i) The Company is in the business of retailing, merchandising, leasing and reselling of various product and services. Hence information on licensed and installed capacity is not applicable.

NOTES TO THE FINANCIAL STATEMENTS

ii) **Quantitative Information:**

(Currency : Indian Rupees)

Particulars	Opening Balance		Purchase		Sales		Discarded Stock	Closing Stock	
	Qty (in Nos.)	Value (Rs.)	Qty (in Nos.)	Value (Rs.)	Qty (in Nos.)	Value (Rs.)	Qty (in Nos.)	Qty (in Nos.)	Value (Rs.)
Entertainment Products	-	-	-	-	-	-	-	-	-
IT Products	(2,457)	(150,005)	-	-	-	-	(2,457)	-	-
Telecom Products	-	-	-	-	-	-	-	-	-
	(5,013)	(1,066,111)	-	-	-	-	(5,013)	-	-
	318	391,650	-	-	-	-	-	318	391,650
	(11,141)	(6,373,473)	(1,704)	(28,594,311)	(2,374)	(32,595,003)	(10,153)	(318)	(391,650)
Total		391,650	-	-		-			391,650
Previous Year Total		(7,589,588)		(2,85,94,311)			(32,595,003)		

iii) **Other information :**

(Currency : Indian Rupees)

Particulars	Year ended 31.03.2007 (Rs.)	Year ended 31.03.2006 (Rs.)
- CIF value of Imports		
* Trading goods	NIL	513,111
* Capital goods	NIL	376,208

- i) The Company does not have a whole time company secretary as required under Section 383A of the Companies Act, 1956.
 j) The Company does not have a Managing Director as required under Section 269 of the Companies Act, 1956.
 k) Previous year's figures have been regrouped, rearranged or restated wherever considered necessary. Figures have been rounded off to the nearest rupees. Figures in brackets pertain to the previous year.

As per our attached report of even date

For and on behalf of the Board

Hitendra Bhandari
Partner

For and on behalf of

MGB & Co.
Chartered Accountants

Amit Goel
Director

Punit Goenka
Director

Place : Mumbai
Date : June 27, 2007

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. REGISTRATION DETAILS

(Rs. in '000)

Registration No.

		1	0	6	5	5	2
--	--	---	---	---	---	---	---

State Code

						5	5
--	--	--	--	--	--	---	---

Balance Sheet Date

3	1	0	3	2	0	0	7
---	---	---	---	---	---	---	---

II. CAPITAL RAISED DURING THE YEAR

Public Issue

						N	I	L
--	--	--	--	--	--	---	---	---

Rights Issue

						N	I	L
--	--	--	--	--	--	---	---	---

Bonus Issue

						N	I	L
--	--	--	--	--	--	---	---	---

Private Placement

						N	I	L
--	--	--	--	--	--	---	---	---

III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS

Total Liabilities

				4	2	9	3	0	3
--	--	--	--	---	---	---	---	---	---

Total Assets

				4	2	9	3	0	3
--	--	--	--	---	---	---	---	---	---

SOURCES OF FUNDS

Paid-up Capital

				2	4	4	5	2	0
--	--	--	--	---	---	---	---	---	---

Reserves and Surplus

								N	I	L
--	--	--	--	--	--	--	--	---	---	---

Secured Loans

								N	I	L
--	--	--	--	--	--	--	--	---	---	---

Unsecured Loans

				1	8	4	7	8	3
--	--	--	--	---	---	---	---	---	---

Deferred Tax Liability

								N	I	L
--	--	--	--	--	--	--	--	---	---	---

APPLICATION OF FUNDS

Net Fixed Assets

								5	4
--	--	--	--	--	--	--	--	---	---

Investments

									2	5
--	--	--	--	--	--	--	--	--	---	---

Net Current Assets

					2	3	3	3	2
--	--	--	--	--	---	---	---	---	---

Miscellaneous Expenditure

									N	I	L
--	--	--	--	--	--	--	--	--	---	---	---

Accumulated Loss

				4	0	5	8	9	2
--	--	--	--	---	---	---	---	---	---

IV. PERFORMANCE OF THE COMPANY

Turnover

						1	2	2	8	7
--	--	--	--	--	--	---	---	---	---	---

Total Expenditure

						1	6	5	9	9
--	--	--	--	--	--	---	---	---	---	---

Profit/(Loss) Before Tax

						-	4	3	1	3
--	--	--	--	--	--	---	---	---	---	---

+/- Profit/(Loss) After Tax

						-	4	3	2	8
--	--	--	--	--	--	---	---	---	---	---

Earnings Per Share (Rs.)

				-	0	.	1	8
--	--	--	--	---	---	---	---	---

Dividend Rate (%)

								N	I	L
--	--	--	--	--	--	--	--	---	---	---

V.+/- GENERIC NAMES OF PRINCIPAL PRODUCTS/SERVICES OF THE COMPANY (as per monetary terms)

Item Code No. (ITC Code) : N.A.

Product Description **TELECOM, IT, MEDIA AND ENTERTAINMENT**

For and on behalf of the Board

Amit Goel
Director

Punit Goenka
Director

Place : Mumbai
Date : June 27, 2007

CASH FLOW STATEMENT

(Currency : Indian Rupees)

PARTICULARS	2007	2006
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit/(Loss) before taxation & Extraordinary items	(4,312,689)	(20,418,789)
Adjustments for:		
Depreciation	2,326,930	3,385,569
Provision for doubtful debts & advances	(172,961)	4,310,865
(Profit)/Loss on sale of Fixed Assets	12,167,167	(53,840)
Interest Expenses	254,507	504,886
Interest Income	(631,648)	(130,224)
Operating Profit before Working Capital changes	<u>9,631,306</u>	<u>(12,401,533)</u>
Adjustments for:		
(Increase)/Decrease in Inventories	-	7,197,805
(Increase)/Decrease in Trade & other receivables	5,950,245	(6,428,924)
Increase/(Decrease) in Trade payables	(21,374,177)	(41,255,488)
Cash Generated from Operations	(5,792,626)	(52,888,140)
Less: Direct Taxes paid (Net of refund)	(117,551)	-
Net Cash Flow from Operating Activities	<u>(5,910,177)</u>	<u>(52,888,140)</u>
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	-	(794,142)
Proceeds from Sale of Fixed Assets	596,151	6,508,191
Loan to others	(5,800,000)	276,000
Interest received	631,648	130,224
Net Cash Flow from Investment Activities	<u>(4,572,201)</u>	<u>6,120,273</u>
C. CASH FLOW FROM FINANCING ACTIVITIES		
Interest Paid	(254,507)	(504,889)
Proceeds from Borrowings	6,000,000	178,783,000
Repayment of Borrowings	-	(9,949,787)
Share Application Money received from Holding Company	-	(123,211,796)
Net Cash Flow from Financing Activities	5,745,493	45,116,528
Net Cash Flow during the year (A + B + C)	(4,736,885)	(1,651,336)
Cash & Cash Equivalents at the beginning of the year	<u>6,952,620</u>	<u>8,603,956</u>
Cash & Cash Equivalents at the end of the year	<u>2,215,735</u>	<u>6,952,620</u>
Notes:		
1. Previous year's figures have been regrouped, recast wherever considered necessary.		
2. Cash and Cash Equivalents include the following:		
	<u>2007</u>	<u>2006</u>
Cash in Hand	-	657
Balance with Scheduled Bank		
- In Current Accounts	2,088,735	3,800,563
- In Deposit Accounts	127,000	3,150,606
	<u>2,215,735</u>	<u>6,951,826</u>

As per our attached report of even date

Hitendra Bhandari
Partner

For and on behalf of
MGB & Co.
Chartered Accountants

Place : Mumbai
Date : June 27, 2007

For and on behalf of the Board

Amit Goel
Director

Punit Goenka
Director

DIRECTORS' REPORT

To the Members,

Your Directors have pleasure in presenting the 7th Annual Report and Audited Accounts of the Company for the Financial Year ended March 31, 2007.

FINANCIAL RESULTS

The operation during the year reflected the pre-operative project expenses of Rs. 98.92 lacs towards establishment of Ku-band telecommunication satellite project. Your Company is yet to start commercial operations. The Company had spent so far project pre-operative expenses amounted to Rs. 126.98 crores at the end of the year.

OPERATION: SATELLITE PROJECT

The project of satellite services is under implementation and the Company has made significant progress toward procuring the satellite transponder capacity. The Company has valid renewed CAISS Authorisation upto September, 2008 from the Government of India for establishment of Indian satellite system. The Company has entered into a satellite capacity Agreement with the vendor to provide satellite transponder capacity to the Company on an exclusive non pre-emptively and end of life basis. Your Company is actively working towards successfully completion of the project and the Directors are confident of completion in the near future.

DIVIDEND

Your Directors have not recommended any dividend for the year under review.

DIRECTORS

Mr. Jai P. Singh has resigned as Director. The Board placed on record their appreciation for services rendered by Mr. Singh during his tenure as Director of the Company.

Mr. Subhash Chandra, Director, is retiring by rotation and being eligible offers himself for reappointment as Director of the Company. Your Board has recommended his reappointment at the ensuing Annual General Meeting.

AUDITORS

M/s. MGB & Co., Chartered Accountants, Mumbai, the Statutory Auditors of the Company holds office upto the conclusion of the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment as Auditors of the Company.

The Company has received certificate from the Auditors to the effect that their appointment, if made, would be within the prescribed limit under Section 224(1) of the Companies Act, 1956. The Board has recommended to the members for re-appointment of M/s. MGB & Co. as the Auditors at the ensuing Annual General Meeting.

OBSERVATIONS OF AUDITORS

The observations of Auditors have been suitably explained in the notes to the Accounts.

PUBLIC DEPOSITS

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

SUBSIDIARY COMPANIES

Your Company has no subsidiaries.

RESPONSIBILITY STATEMENT

In terms of and pursuant to Section 217(2AA) of the Companies Act, 1956, your Directors, in relation to the Annual Statement of Accounts for financial year 2006-2007, state and confirm that:

- a) the Accounts had been prepared on a 'going concern' basis and in such preparation the applicable accounting standards had been followed with proper explanation relating to material departures;
- b) your Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year, and of the loss of the Company for that year; and

- c) your Directors had taken proper and sufficient care for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 as amended, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

PARTICULARS OF EMPLOYEES

Information of employees pursuant to Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 is given in the annexure.

Your Directors place on record appreciation of the valuable contribution made by the employees of your Company.

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

Additional information on conservation of Energy, Technology absorption as required to be disclosed in terms of Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 is given below:

- A. **Conservation of Energy:** The Company's operation requires low energy consumption and there is no specific area, where energy conservation measures could be significantly taken. However, efforts to conserve and optimize the use of the energy through improved operations method and other means would continue. Disclosure of total energy consumption and energy consumption per unit of production as per Form A is not applicable to the Company. The Company is in satellite service sector, which is non-manufacturing category and is an environment friendly.
- B. **Technology absorption, adaptation and innovations:** The Company does not have any Technical Collaboration arrangement and therefore disclosure under Form B is not applicable.
- C. **Foreign exchange earnings and outgo:** Particulars appear in Note No. 15 under the Notes to financial statements for the year ended March 31, 2007 are nil. Hence, no information is required to be appended to this report in this regard.

ACKNOWLEDGEMENT

Your Directors thank the Company's vendors and Government authorities for their support during the year. They place on record appreciation of the contribution made by employees at all levels, who through their competence and hard work have provided strength to the Company.

For and on behalf of the Board of Directors

Place : Mumbai,
Date : June 27, 2007

Subhash Chandra **Punit Goenka**
Director Director

ANNEXURE

Information pursuant to Section 217(2A) of the Companies Act, 1956 and the Companies (Particulars of the Employees) Rules, 1975 forming part of the Director's Report for the year ended March 31, 2007

Sl. No.	Name	Designation	Remuneration (in Rs.)	Qualification and Experience in years	Date of commencement of Employment	Particulars of last	Date of Leaving
1.	Dr. K. S. Mohanvelu	V.P. - Spec Management	2,839,608	M.E. (Comm System Engg)	20.03.1999	ISRO	20.10.1998

Notes:

Appointment is contractual and terminable by notice on either side.

None of the employees is related to any of the Directors.

Remuneration includes salary, allowances, Company's contribution of Provident Funds, Superannuation, Medical Benefits, Leave Travel Allowance, Accommodation and other perquisites and benefits valued on the basis of provisions of Income Tax Act, 1961.

AUDITORS' REPORT

To,
The Members,

Agrani Satellite Services Limited

1. We have audited the attached Balance Sheet of Agrani Satellite Services Limited, as at March 31, 2007 and also the Cash Flow Statement (no Profit and Loss Account is prepared for the year ended on that date), annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (hereinafter referred to as "the Order") issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956 ("the Act"), on the basis of such checks as we considered appropriate and according to the information and explanations given to us, during the course of our audit, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Without qualifying our report, we draw attention to Note 8 regarding preparation of the financial statements on going concern basis, in view of the significant developments in the Company's project.
5. Further to our comments, in the annexure referred to in paragraph 3 above, we report that:
 - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b) In our opinion, proper books of accounts as required by law have been kept by the Company so far as appears from our examination of those books;
 - c) The Balance Sheet and Cash Flow Statement dealt with by this report is in agreement with the books of account;

- d) In our opinion, the Balance Sheet and Cash Flow Statement complies with the accounting standards referred to in sub-section (3C) of Section 211 of the Act;
- e) On the basis of written representation received from the directors, and taken on record by the Board of Directors, we report that none of the directors are disqualified as at March 31, 2007, from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act;
- f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts, read together with the significant accounting policies and notes thereon, give the information required by the Act, in the manner so required and give a true and fair view, in conformity with the accounting principles generally accepted in India.
 - i) In the case of the Balance Sheet of the State of Affairs of the Company as at March 31, 2007 and
 - ii) In the case of Cash Flow Statement, of the cash flows for the year ended on that date.

Hitendra Bhandari
M. No. 107832
Partner

For and on behalf of
MGB & Co.
Chartered Accountants
Place : Mumbai
Date : June 27, 2007

ANNEXURE REFERRED TO IN PARAGRAPH 3 OF THE AUDITORS' REPORT TO THE MEMBERS OF AGRANI SATELLITE SERVICES LIMITED ON THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2007

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The fixed assets have been physically verified by management during the year. In our opinion, the frequency of verification is reasonable having regard to the size of the Company and nature of its assets. According to the information and explanations given to us, no material discrepancies have been noticed on such verification.
- (c) During the year, the Company has not disposed of a substantial part of the fixed assets.

- (ii) Considering the nature of business, i.e. project of satellite services under implementation, the clause (ii) (a), (ii) (b), (ii) (c) of the Order, regarding inventories are not applicable to the Company.
- (iii) (a) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Act. Accordingly, sub clause (b), (c) and (d) of the Order are not applicable to the Company.
- (b) According to the information and explanations given to us, the Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under Section 301 of the Act. Accordingly, sub-clause (f) and (g) of the Order are not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of fixed assets. During the course of audit, we have not observed any continuing failure to correct major weakness noticed in these internal control systems.
- (v) Based on the audit procedures applied by us and according to the information and explanations provided by the management, there are no transactions that need to be entered into the register maintained under Section 301 of the Act.
- (vi) According to the information and explanations given to us, the Company has not accepted any deposits from the public.
- (vii) In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
- (viii) We are informed that the Central Government has not prescribed maintenance of cost records under Section 209 (1)(d) of the Act for the activities of the Company.
- (ix) (a) According to the records of the Company, the undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employee's State Insurance, Income Tax, Sales Tax, Value Added Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues as applicable have generally been regularly deposited by the Company during the year with the appropriate authorities except delay in few cases. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at March 31, 2007 for a period of more than six months from the date they became payable.
- (b) According to the records of the Company, there are no disputed matters pending with Sales Tax, Income Tax, Customs, Wealth Tax, Service Tax, Excise and Cess authorities.
- (x) The Company is yet to start commercial operations hence Profit and Loss Account is not prepared. Accordingly, the requirements of clause (x) of the Order are not applicable to the Company.
- (xi) On the basis of our examination and according to the information and explanations given to us, the Company has not borrowed the money from banks/financial institutions. Accordingly, the requirements of clause (xi) of the Order are not applicable to the Company.
- (xii) The Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, considering the nature of activities carried on by the Company during the year, the provisions of any special statute applicable to chit fund/nidhi/mutual benefit fund societies are not applicable to it.
- (xiv) According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments.
- (xv) According to the information and explanations given to us the Company has not given guarantees for loans taken by others from banks or financial institutions.
- (xvi) According to the information and explanations given to us, the Company has not taken any fresh term loan during the year.
- (xvii) On the basis of our examination and according to the information and explanations given to us, no funds raised on short-term basis (share application money is considered as long-term) have been used for long-term investment.
- (xviii) The Company has not made preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act.
- (xix) The Company has not issued any debentures during the year.
- (xx) The Company has not raised any money through public issue during the year.
- (xxi) Based upon the audit procedures performed and information and explanations given to us, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

Hitendra Bhandari

M. No. 107832

Partner

For and on behalf of

MGB & Co.

Chartered Accountants

Place : Mumbai

Date : June 27, 2007

BALANCE SHEET AS AT MARCH 31,

(Currency : Indian Rupees)

PARTICULARS	Notes	2007	2006
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share Capital	3	944,010,040	944,010,040
ADVANCE AGAINST SHARE APPLICATION (from holding company)		334,170,284	327,533,965
TOTAL		1,278,180,324	1,271,544,005
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross Block	4	5,581,178	6,013,278
Less : Depreciation upto date		2,779,856	2,403,387
Net Block		2,801,322	3,609,891
Pre-operative Project expenses	11	1,269,768,084	1,259,876,230
		1,272,569,406	1,263,486,121
CURRENT ASSETS , LOANS AND ADVANCES			
Cash and Bank Balances	5	11,197,780	10,912,772
Loans and Advances	6	1,070,772	1,257,073
		12,268,552	12,169,845
LESS: CURRENT LIABILITIES AND PROVISIONS	7	6,657,634	4,111,961
NET CURRENT ASSETS		5,610,918	8,057,885
TOTAL		1,278,180,324	1,271,544,005
The accompanying notes form an integral part of these financial statements.			

As per our attached report of even date

Hitendra Bhandari
Membership No. 107832
Partner

For and on behalf of
MGB & Co.
Chartered Accountants

Place : Mumbai
Date : June 27, 2007

For and on behalf of the Board

Subhash Chandra
Director

Punit Goenka
Director

NOTES TO THE FINANCIAL STATEMENTS AS AT MARCH 31,

(Currency : Indian Rupees)

PARTICULARS	2007	2006
3. SHARE CAPITAL		
Authorised - 100,000,000 Equity Shares of Rs. 10/- each.	<u>1,000,000,000</u>	<u>1,000,000,000</u>
Issued, subscribed and paid-up 94,401,004 Equity Shares of Rs.10/- each fully paid-up. [All the above equity shares are held by the Holding Company, Dish TV India Limited (formerly ASC Enterprises Limited) and its nominees]	<u>944,010,040</u>	<u>944,010,040</u>
TOTAL	<u>944,010,040</u>	<u>944,010,040</u>
4. CASH AND BANK BALANCE		
Cash on hand	71,181	3,739
Balance with Scheduled Bank In Current Account In deposit Account# (#pledged with Banks against guarantee given)	<u>616,599</u> <u>10,510,000</u>	<u>399,033</u> <u>10,510,000</u>
TOTAL	<u>11,197,780</u>	<u>10,912,772</u>

5. FIXED ASSETS (AT COST) (Currency : Indian Rupees)

Description of Assets	Gross Block				Depreciation				Net Block	
	As At 01.04.2006	Additions	Deductions	As At 31.03.2007	Upto 31.03.2006	For the Year	Deductions	Up to 31.03.2007	As At 31.03.2007	As At 31.03.2006
Computers	2,422,004	-	-	2,422,004	1,572,391	391,701	-	1,964,092	457,912	849,613
Office Equipments	2,924,839	-	-	2,924,839	584,280	136,143	-	720,423	2,204,416	2,340,559
Furniture and Fixtures	234,335	-	-	234,335	82,517	12,824	-	95,341	138,994	151,818
Vehicles	432,100	-	432,100	-	164,199	28,903	193,102	-	-	267,901
Total	6,013,278	-	432,100	5,581,178	2,403,387	569,571	193,102	2,779,856	2,801,322	3,609,891
Previous Year	10,779,171	119,000	4,884,893	6,013,278	3,259,076	632,098	1,487,787	2,403,387	3,609,891	-

Note: Above includes assets given on operating lease - Refer Note No. 20(b).

(Currency : Indian Rupees)

PARTICULARS	2007	2006
6. LOANS AND ADVANCES (unsecured and considered good)		
Advances (recoverable in cash or in kind or for value to be received)	776,661	607,200
Tax Advances	292,111	647,873
Other Advances	2,000	2,000
Deposits	<u>1,070,772</u>	<u>1,257,073</u>
TOTAL	<u>1,070,772</u>	<u>1,257,073</u>
7. CURRENT LIABILITIES AND PROVISIONS		
Current Liabilities		
Creditors for Expenses and other Liabilities * (* includes Nil dues towards Small Scale Industrial Undertakings)	<u>5,629,482</u>	<u>3,420,541</u>
Provisions	<u>5,629,482</u>	<u>3,420,541</u>
For Retirement benefits	915,470	658,650
For Taxation	112,682	32,770
TOTAL	<u>1,028,152</u>	<u>691,420</u>
TOTAL	<u>6,657,634</u>	<u>4,111,961</u>

NOTES TO THE FINANCIAL STATEMENTS

1. BACKGROUND

Agrani Satellite Services Limited ('ASSL' or "the Company") is promoted by and is a wholly owned subsidiary of Dish TV India Limited (formerly ASC Enterprises Limited). It is promoted to implement a project to own, establish and operate a Ku-band satellite system, and to market and lease their bandwidth capacities to various users in India and the neighboring region. During the year under consideration, the Company is promoting the project and hence no Profit and Loss Account is prepared.

The Company has made significant progress towards procuring the satellite transponder capacity.

The Company continues to have valid renewed Authorisation from the Government of India to establish, maintain and operate Satellite System in the Indian Orbit Spectrum, to offer communication transponder capacities and bandwidth to users. In pursuance to the said authorisation, the Company has also entered into a Satellite Capacity Agreement with one of the vendors who will provide satellite transponder capacity to the Company, on an exclusive, non-pre-emptible and end-of-life basis. The technical aspects of the project are under finalisation. The Company has applied to the various regulatory authorities for approvals, which is in process.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Accounting Convention

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

(b) Fixed Assets

Fixed Assets are stated at Cost of acquisition or Construction including installation cost and pre-operative expenses during the construction period. Fixed assets are shown net of accumulated depreciation.

(c) Depreciation

Depreciation on Fixed Assets is provided on Straight Line Method at the rates specified in Schedule XIV to the Companies Act, 1956.

(d) Borrowing Costs

Borrowing Costs attributable to the acquisition or construction of qualifying assets are capitalised as a part of the cost of such assets. All other borrowings costs are charged to revenue.

(e) Retirement Benefits

- (i) Contribution to Provident Fund is expensed.
- (ii) Liability for Leave Encashment at the year end is provided on the basis of actuarial valuation.
- (iii) The Company provides for gratuity, a defined benefit retirement Plan (The "Gratuity Plan") covering eligible employees. The Plan provides payment to vested employees at retirement, death or termination of employment, of an amount based on the respective employee's salary and the tenure of employment with the Company. The Company provides the gratuity benefit through annual contribution to a fund managed by the Life Insurance Corporation of India (LIC). Liabilities related to the Gratuity Plan are determined by actuarial valuation as at the Balance Sheet date.

(f) Foreign Currency Transactions

Transactions in foreign currency are recorded at the exchange rates prevailing on the date of the transactions. Outstanding balances are realigned at the exchange rate on the date of the Balance Sheet, difference, if any, is charged to revenue or capital account as may be applicable.

(g) Taxes on Income

- (i) Current Tax is determined as the amount of tax payable in respect of taxable income for the year.
- (ii) Deferred Tax is recognised, subject to consideration of prudence, on timing differences, being the difference between taxable income that originate in our period and are capable of reversal in one or more subsequent periods and measured using relevant enacted tax rates

8. GOING CONCERN

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

- a) Dish TV India Limited (Promoter) have brought in additional funds for the Company's project as and when required and have assured the management of their long-term involvement, financial support and commitment in the Company.
- b) In view of the significant progress in the Company's project as referred in Note 1.

9. TAXES ON INCOME

- a) Provision for Income Tax is not made in the absence of taxable income as per the provisions of the Income Tax Act, 1961.
- b) In accordance with the Accounting Standard 22 on "Accounting for Taxes on Income" (AS-22), deferred tax assets and liabilities should be recognised for all timing differences in accordance with the said standard. However, considering that the Company is still in pre-operative stage and requirement of the accounting standard regarding certainty/virtual certainty, the same is not provided for. The same will be reassessed at a subsequent Balance Sheet date and will be accounted for in the year of certainty/virtual certainty in accordance with the aforesaid accounting standard.

10. SEGMENT REPORTING

The segmental reporting disclosures as required under Accounting Standard-17 are not required, as these are no reportable business segments. There are no geographical segments as there are no exports.

NOTES TO THE FINANCIAL STATEMENTS

11. PRE-OPERATIVE PROJECT EXPENSES

The Company is implementing the satellite services project and accordingly the main activities of the Company during the year have been to implement the project. Hence, all the expenses are for implementing the satellite project and taken to pre-operative expenses. These are to be eventually allocated to fixed assets, on commencement of commercial operations.

Statement of pre-operative expenses as at, March 31, 2007 :

(Currency : Indian Rupees)

Particulars	2007	2006
Expenditure upto Previous Year	1,259,876,230	1,250,442,969
Salary and Allowances	5,200,579	5,352,212
Contribution to Provident and other funds	305,944	253,775
Staff Welfare Expenses	129,648	86,451
Rent	546,323	521,970
Rates and Taxes	–	6,875
Insurance	18,842	98,731
Communication expenses	129,739	48,453
Electricity charges	95,350	78,364
Printing and Stationery	56,443	25,597
Repair and Maintenance - Others	2,171	111,340
Legal and Professional Expenses	9,979	193,728
Travelling and Conveyance Expenses	701,704	332,312
Depreciation	569,571	632,098
Loss on Sale/Discard of Fixed Assets	150,998	850,093
Miscellaneous Expenses	232,743	44,635
Remuneration to Auditors		
For Audit fees	112,360	112,240
For other matters	159,344	–
Other Financial Charges	1,897,340	1,852,805
Business Promotion Expenses	55,205	15,604
Provision for Fringe Benefit Tax	79,912	32,770
	1,270,330,426	1,261,093,023
Less: Interest received [TDS Rs. 95,814 (Rs.190,127)]	562,342	863,188
Less : Balance written back	–	353,605
TOTAL	1,269,768,084	1,259,876,230

12. RELATED PARTY DISCLOSURES: List of parties where control exists:

(a) Holding Company

- Dish TV India Limited (Formerly ASC Enterprises Limited) (Extent of holding 100%)

(b) Other Related Party

- ASC Telecommunication Limited

(c) Key Management Personnel

- Director :** Sh. Subhash Chandra., Sh. Punit Goenka., Sh. K. Narayanan

Transaction with related parties :

(Currency : Indian Rupees)

Particulars	Holding Company Dish TV India Ltd.	Others ASC Telecommunication Ltd.
Share application money received	6,636,319	–
	(29,875,018)	–
Share application money refunded	Nil	–
	(26,993,445)	–
Sharing of Expenses (Personnel/Administration Expenses)	–	3,219,676
	–	(Nil)
Balance Outstanding as on March 31, 2007		
Share application money received	334,170,284	–
	(327,533,965)	–
Creditor	–	1,819,676
		(311,319)

Also refer Note 14 (a)(ii)

NOTES TO THE FINANCIAL STATEMENTS

13. EMPLOYEE BENEFITS

(Currency : Indian Rupees)

Particulars	Gratuity	Leave Encashment
Accumulated Benefit Obligation	515,389	496,345
Change in Projected benefit obligation		
Projected benefit obligation at the beginning of the year	91,524	112,302
Service Cost	38,654	37,226
Interest Cost	(35,274)	35,498
Actuarial (gain)/ loss	(376,194)	-
Benefits paid		
Projected benefit obligation at the end of the year	234,099	681,371
Funded status of the plans	234,099	681,371
Unrecognised net actuarial (gain)/loss	-	-
Accrued Benefit Cost	234,099	681,371
The components of net gratuity costs are reflected below		
Service Cost	91,524	112,302
Interest Cost	38,654	37,226
Expected returns on plan assets	-	-
Recognised net actuarial (gain)/loss	(35,274)	35,498
Net Gratuity Costs	94,904	185,026
Actuarial Assumptions		
Discount Rate		7.50%
Expected Rate of salary increase		5.00%
Mortality		LIC (1994-96) Ult

Notes:

- (a) Amounts recognised as an expense excluding shared costs and included in Schedule 11 are gratuity Rs. 234,099 and Leave Encashment Rs. 55,798.
 (b) The estimates of future salary increases considered in the actuarial valuation take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.
 (c) In the current year, the Company has adopted the revised Accounting Standard 15 - Employee Benefits as issued by the ICAI. Accordingly, the Company has provided for gratuity and leave encashment based on actuarial valuation done as per Projected Unit Credit Method.

(A) Defined contribution plan: Amount recognised as an expense excluding shared costs and included in the Schedule 11 - "Salary and Allowances" of Profit and Loss Account Rs. 289,897.

14. MISCELLANEOUS

- (a) i) Contingent Liabilities not provided for
- | | | |
|--|------------------------|-----------------|
| | 2007 | 2006 |
| Guarantees given by Bank on our behalf | Rs. 101,000,000 | Rs. 101,000,000 |
- ii) The Holding Company viz. Dish TV India Limited has given a guarantee for the performance of the terms and condition of the Satellite Capacity Agreement between the Company and the vendor.
- (b) The Company has yet to appoint a Managing Director as required under Section 269 of the Companies Act, 1956.
 (c) During the year, the Company did not form an Audit Committee of its Board of Directors as required under Section 292A of the Companies Act, 1956.
 (d) During the year, the Company did not have a whole time company secretary as required under Section 383A of the Companies Act, 1956.
 (e) Pending increase in authorized share capital and issue of shares Rs. 334,170,284 (Rs. 327,533,965) from Dish TV India Limited, the Holding Company is taken as advance for application money.
 (f) Common personnel cost and administrative expenses shared from a related party are included in relevant head in the statement of Pre-operative expenses as per the agreed terms.
 (g) Previous year's figures have been regrouped, rearranged and reconsidered wherever considered necessary. Figures in brackets pertain to previous year.

15. Additional information pursuant to Part II of Schedule VI of the Companies Act, 1956 are nil or not applicable except the following:

Expenditure in Foreign Currency (on payment basis)
 (Includes expenditure directly incurred and excludes shared costs)
 Legal & Professional Fees Nil (Rs. 140,436)

As per our attached report of even date

For and on behalf of the Board

Hitendra Bhandari
 Partner

For and on behalf of

MGB & Co.
 Chartered Accountants

Place : Mumbai
 Date : June 27, 2007

Subhash Chandra
 Director

Punit Goenka
 Director

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. REGISTRATION DETAILS

Rs. in '000

Registration No.

		1	0	6	5	5	3
--	--	---	---	---	---	---	---

State Code

						5	5
--	--	--	--	--	--	---	---

Balance Sheet Date

3	1	0	3	2	0	0	7
---	---	---	---	---	---	---	---

II. CAPITAL RAISED DURING THE YEAR

Public Issue

					N	I	L
--	--	--	--	--	---	---	---

Rights Issue

					N	I	L
--	--	--	--	--	---	---	---

Bonus Issue

					N	I	L
--	--	--	--	--	---	---	---

Private Placements

					N	I	L
--	--	--	--	--	---	---	---

III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS

Total Liabilities

		1	2	7	8	1	8	0
--	--	---	---	---	---	---	---	---

Total Assets

		1	2	7	8	1	8	0
--	--	---	---	---	---	---	---	---

SOURCES OF FUNDS

Paid-up Capital

			9	4	4	0	1	0
--	--	--	---	---	---	---	---	---

Reserves and Surplus

					N	I	L
--	--	--	--	--	---	---	---

Secured Loans

					N	I	L
--	--	--	--	--	---	---	---

Unsecured Loans

					N	I	L
--	--	--	--	--	---	---	---

Deferred Tax Liability

					N	I	L
--	--	--	--	--	---	---	---

APPLICATION OF FUNDS

Net Fixed Assets

		1	2	7	2	5	6	9
--	--	---	---	---	---	---	---	---

Investments

					N	I	L
--	--	--	--	--	---	---	---

Net Current Assets

					5	6	1	0
--	--	--	--	--	---	---	---	---

Miscellaneous Expenditure

					N	I	L
--	--	--	--	--	---	---	---

Accumulated Profit/Loss

					N	I	L
--	--	--	--	--	---	---	---

IV. PERFORMANCE OF THE COMPANY

Turnover

					N	I	L
--	--	--	--	--	---	---	---

Total Expenditure

					N	I	L
--	--	--	--	--	---	---	---

+/- Profit/(Loss) After Tax

					N	I	L
--	--	--	--	--	---	---	---

+/- Profit/(Loss) Before Tax

					N	I	L
--	--	--	--	--	---	---	---

Earnings Per Share (Rs.)

					N	I	L
--	--	--	--	--	---	---	---

Dividend Rate (%)

					N	I	L
--	--	--	--	--	---	---	---

V. GENERIC NAMES OF PRINCIPAL PRODUCTS/SERVICES OF THE COMPANY (as per monetary terms)

Item Code No. (ITC Code)

					N	A
--	--	--	--	--	---	---

Product Description SATELLITE SERVICES

For and on behalf of the Board

Place : Mumbai
Date : June 27, 2007

Subhash Chandra
Director

Punit Goenka
Director

CASH FLOW STATEMENT

(Currency : Indian Rupees)

PARTICULARS	2007	2006
A CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit (Loss) before Tax	—	—
Net Cash from (used in) Operating Activities Total (A)	<u>—</u>	<u>—</u>
B CASH FLOW FROM INVESTING ACTIVITIES		
Direct Taxes Paid	(169,461)	(123,205)
Purchase of Fixed Assets	—	(119,000)
Sale of Fixed Assets	88,000	2,547,013
Decrease in Advances and Deposit Given	355,762	6,095,137
Decrease in Creditors and Other Liabilities	2,465,761	(13,119,018)
Increase in Preoperative Project Expenses	(9,091,373)	(7,918,300)
Net Cash used in Investing Activities Total (B)	<u>(6,351,311)</u>	<u>(12,637,372)</u>
C CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Share Application Money	6,636,319	2,881,573
Net Cash Flow from Financing Activities Total (C)	<u>6,636,319</u>	<u>2,881,573</u>
Net Increase (Decrease) in Cash or Cash Equivalents	285,008	(9,755,799)
Cash and Cash Equivalents at the beginning of the year	10,912,772	20,668,571
Cash and Cash Equivalents at the end of the year	<u>11,197,780</u>	<u>10,912,772</u>
Notes :		
1. Previous year's figures have been regrouped, recast wherever considered necessary.		
2. The balance in Cash and Cash Equivalents includes Rs. 10,510,000 (Rs. 10,510,000) as at March 31, 2007 set aside and accordingly is not otherwise available to the Company.		
3. Cash and Cash Equivalents include the following :		
	2007	2006
Cash on Hand	71,181	3,739
Balance with Scheduled Bank		
– In Current Account	616,599	399,033
– In Deposit Account	10,510,000	10,510,000
	<u>11,197,780</u>	<u>10,912,772</u>

As per our attached report of even date

For and on behalf of the Board

Hitendra Bhandari

Partner

For and on behalf of

MGB & Co.

Chartered Accountants

Place : Mumbai

Date : June 27, 2007

Subhash Chandra

Director

Punit Goenka

Director

DIRECTORS' REPORT

To the Members,

Your Directors take pleasure in presenting the 6th Annual Report together with the Audited Statement of Accounts of the Company for the year ended March 31, 2007.

FINANCIAL RESULTS AND OPERATIONS

The Financial Performance of your Company for the year ended March 31, 2007 is summarised below:

(Rs. in '000)

Particulars	2007	2006
Total Income	281,962	136,415
Total Expenses	287,500	109,166
Profit/(Loss) before Tax	(5,538)	27,248
Provision for Taxation		
- Current year	–	2,128
- Deferred	(2,903)	7,815
- Fringe Benefit Tax	195	486
Profit/(Loss) for the year	(2,830)	16,819

DIVIDEND

Your Directors have not recommended any dividend for the year under review.

DIRECTORS

In accordance with the provisions of Article 92 of Articles of Association of the Company, Mr. Ankush Garg, Director, will retire by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment. Your Board has recommended his re-election.

Mr. Deepak Jain resigned as Director from the Board of the Company with effect from April 19, 2007. Your Directors wish to place on record their appreciation of the contribution made by Mr. Jain.

Your Board had also appointed Mr. Mukesh Mittal as Additional Director of your Company with effect from April 20, 2007. Mr. Mittal shall vacate his office at the ensuing Annual General Meeting and has filed his consent to act as Director of the Company.

SCHEME OF ARRANGEMENT

Pursuant to the De-merger of the Direct Consumer Services Business Undertaking of Zee Entertainment Enterprises Limited into Dish TV India Limited (formerly ASC Enterprises Limited) and Merger of Siti Cable Network Limited ('Siti Cable') and New Era Entertainment Network Limited ('NEENL') with Dish TV India Limited, Integrated Subscriber Management Services Limited, wholly owned subsidiary of Siti Cable Limited had become wholly owned subsidiary of Dish TV India Limited with effect from April 1, 2006. Upon approvals by the Hon'ble High Courts of Delhi on December 18, 2006 and Bombay on January 12, 2007 and filing of the Certified Copy of the Order of Hon'ble High Court with the Registrar of Companies, Delhi & Haryana and Bombay the Scheme of Arrangement has become effective from January 19, 2007.

AUDITORS

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

PUBLIC DEPOSITS

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

DIRECTORS' RESPONSIBILITY STATEMENT

In terms of and pursuant to Section 217(2AA) of the Companies Act, 1956, your Directors, in relation to the Annual Statement of Accounts for the financial year 2006-2007, state and confirm that:

- a) the Accounts had been prepared on a 'going concern' basis and in such preparation the applicable accounting standards had been followed with proper explanation relating to material departures;
- b) your Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year, and of the loss of the Company for that year; and
- c) your Directors had taken proper and sufficient care for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 as amended, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

PARTICULARS OF EMPLOYEES

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

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

Pursuant to Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosures of particulars in the report of the Board of Directors) Rules, 1988, the following information is provided:

a. Conservation of energy

Our Company is not an energy intensive unit, however regular efforts are made to conserve energy.

b. Technology absorption

Our Company is adopting latest software & hardware systems & technologies and implementing contemporary practices relating to state of art worldclass encryption, SMS & call centre system, sourced from India and abroad.

c. Foreign exchange earnings and outgo

Particulars of foreign currency earnings and outgo during the year are given in para 5(b) of Part B in Schedule 15 to the Notes to the Accounts forming part of the Annual Accounts.

ACKNOWLEDGEMENT

Your Directors take this opportunity to express their deep gratitude to the Central Government, Bankers and other concerned agencies for their continued support during the year. Your Directors also wish to place on record their appreciation for the dedicated services rendered by the employees of the Company at all levels, who, through their competence, hard work, solidarity, cooperation and support, have enabled the Company to achieve the desired objectives.

For and on behalf of the Board of Directors

Place : New Delhi
Date : June 25, 2007

Mukesh Mittal
Director

Ankush Garg
Director

AUDITORS' REPORT

To,
The Members,
Integrated Subscriber Management Services Limited

We have audited the attached Balance Sheet of **Integrated Subscriber Management Services Limited** as at March 31, 2007, the Profit and Loss Account and also the Cash Flow Statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

1. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
2. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
3. Further to our comments in the annexure referred to in paragraph (2) above, we report that:
 - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b) In our opinion, proper books of accounts, as required by law, have been kept by the Company, so far as appears from our examination of those books;

- c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
- d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
- e) On the basis of written representations received from the Directors, as on March 31, 2007 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on March 31, 2007 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
- f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the significant accounting policies and other notes thereon as per Schedule 15 give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2007;
 - ii) in the case of the Profit and Loss Account, of the loss for the year ended on that date; and
 - iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

(S. K. Agarwal, FCA)
M. No. 87927

For and on behalf of
S. K. & Co.
Chartered Accountants

Place : New Delhi
Date : June 25, 2007

ANNEXURE REFERRED TO IN PARAGRAPH 2 OF AUDITORS' REPORT TO THE MEMBERS OF INTEGRATED SUBSCRIBER MANAGEMENT SERVICES LIMITED ON THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2007.

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) The fixed assets have been physically verified by the management at the end of the year and no discrepancy was noticed on such verification.
- (c) None of the fixed assets were disposed of during the year.
- (ii) There were no inventory held by the Company and consequently, the requirements of clause (iii.a), (ii.b), and (iii.c) of paragraph 4 of the Order are not applicable.
- (iii) The Company has not granted or taken any loans to/from companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956. Consequently, the requirements of clause (iii.b), (iii.c) and (iii.d) of paragraph 4 of the Order are not applicable.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchases of stores, fixed assets. There is no sale of goods.
- (v) There were no transactions that need to be entered into the register in pursuance of Section 301 of the Companies Act, 1956.
- (vi) The Company has not accepted deposits from the public within the meaning of Section 58A and 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975. We are informed that no order has been passed by the Company Law Board.
- (vii) The clause on internal audit system is not applicable on the Company.
- (viii) We have been informed that the Central Government has not prescribed maintenance of cost records under Section 209(1) (d) of the Companies Act, 1956.
- (ix) (a) According to the records of the Company, the Company is regular in depositing undisputed statutory dues including, provident fund, investor education and protection fund, employee state insurance, income tax, sales tax, wealth tax, custom duty, excise duty, cess and other statutory dues, wherever applicable with appropriate authorities except one delay each in case of PF and ESI.
- (b) According to the information and explanation given to us, no undisputed amounts payable in respect of income tax, wealth tax, sales tax, customs duty, excise duty and cess were outstanding as at March 31, 2007 for a period of more than six months from the date they became payable.
- (c) According to the information and explanations given to us, there are no dues of sales tax, income tax, customs duty, wealth tax, excise duty and cess which have not been deposited on account of any dispute.
- (x) There is no accumulated losses of the Company as at March 31, 2007, further the Company has not incurred cash losses during the current financial year and in the immediately preceding financial year.
- (xi) The Company has not taken any loan from any financial institution or bank or on debenture other than Rs. 271,043/- (Previous Year Rs. 395,499/-) from Bank for purchase of car against hypothecation of same.
- (xii) The Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund, nidhi or mutual benefit fund/societies. Therefore, the provisions of the clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- (xiv) In our opinion, the Company is not dealing or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loan taken by others from banks or financial institutions.
- (xvi) The Company has not taken any term loan during the year, as such clause 4(xvi) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- (xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that no fund raised on short-term basis have been used for long-term investment and vice versa.
- (xviii) The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956 during the year.
- (xix) The Company has not issued any debenture during the year.
- (xx) The Company has not raised any money by way of public issues during the year.
- (xxi) On the basis of our examination and according to the information and explanations given to us, no fraud on or by the Company, has been noticed or reported during the year.

(S. K. Agarwal, FCA)

M. No. 87927

For and on behalf of

S. K. & Co.

Chartered Accountants

Place : New Delhi

Date : June 25, 2007

BALANCE SHEET AS AT MARCH 31,

(Currency: Indian Rupees)

PARTICULARS	Notes	2007	2006
SOURCES OF FUNDS			
SHAREHOLDERS' FUND			
Share Capital	1	500,000	500,000
RESERVE and SURPLUS	2	7,384,891	9,655,527
LOAN FUNDS			
Secured Loans	3	271,043	395,499
Unsecured Loans	4	—	40,150,000
DEFERRED TAX LIABILITY [Refer Note 2 (b) & 2 (c)]		6,857,971	9,761,008
TOTAL		15,013,905	60,462,034
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross Block	5	403,312,407	193,441,016
Less : Depreciation		65,563,931	19,548,540
Net Block		337,748,476	173,892,476
Capital Work-in-Progress		72,011,209	44,954,169
		409,759,685	218,846,645
CURRENT ASSETS, LOANS & ADVANCES			
Sundry Debtors	6	191,276,540	128,733,286
Cash and Bank Balances		1,042,159	1,018,765
Loans and Advances		508,372,417	282,743,394
		700,691,117	412,495,444
Less : CURRENT LIABILITIES & PROVISIONS	7	1,095,436,897	570,896,471
Current Liabilities			
NET CURRENT ASSETS		(394,745,780)	(158,401,026)
MISCELLANEOUS EXPENDITURE			
(to the extent not written off or adjusted)	8	—	16,415
TOTAL		15,013,905	60,462,034
The accompanying notes form an integral part of these financial statements			

As per our attached report of even date

S. K. Agarwal, FCA
M. No. 87927
For and on behalf of
S.K. & Co.
Chartered Accountants
Place : New Delhi
Date : June 25, 2007

For and on behalf of the Board

Mukesh Mittal
Director

Ankush Garg
Director

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31,

(Currency: Indian Rupees)

PARTICULARS	Notes	2007	2006
INCOME			
Direct Revenue	9	281,835,621	136,400,314
Other Income	10	126,583	14,910
		281,962,204	136,415,224
EXPENDITURE			
Operating Expenses	11	104,636,695	17,791,804
Personnel Cost	12	70,980,740	42,758,402
Administrative and Other Expenses	13	65,343,363	31,486,218
Financial Expenses	14	524,023	708,259
Depreciation		46,015,390	16,421,940
		287,500,211	109,166,623
PROFIT/(LOSS) BEFORE TAX		(5,538,007)	27,248,601
<i>Less : Provision for Taxation</i>			
<i>- Current Year</i>			
			2,128,056
<i>- Deferred</i>			
		(2,903,037)	7,815,288
<i>- Fringe Benefit Tax</i>			
		195,217	486,253
PROFIT/(LOSS) FOR THE YEAR		(2,830,187)	16,819,003
<i>Less: Prior Period Adjustment</i>			
		(559,551)	115,418
PROFIT/(LOSS) AFTER TAX		(2,270,636)	16,703,585
BALANCE BROUGHT FORWARD		9,655,527	(7,048,058)
BALANCE CARRIED TO BALANCE SHEET		7,384,891	9,655,528
Basic and diluted Earning Per Share (EPS) (in rupees)		(45.41)	334.07
The accompanying notes form an integral part of these financial statements			

As per our attached report of even date

S. K. Agarwal, FCA
M. No. 87927

For and on behalf of
S.K. & Co.
Chartered Accountants

Place : New Delhi
Date : June 25, 2007

For and on behalf of the Board

Mukesh Mittal
Director

Ankush Garg
Director

NOTES TO THE FINANCIAL STATEMENTS AS AT MARCH 31,

(Currency: Indian Rupees)

PARTICULARS	2007	2006
SCHEDULE 1		
SHARE CAPITAL		
Authorised		
50,000 Equity Share of Rs.10/- each	500,000	500,000
TOTAL	500,000	500,000
Issued, Subscribed and Paid-up		
50,000 Equity Share of Rs.10/- each fully paid-up	500,000	500,000
TOTAL	500,000	500,000
Notes :		
1) All the equity is held by the holding company viz. Dish TV India Ltd. (Previously known as ASC Enterprises Ltd.) and its nominees		
SCHEDULE 2		
RESERVE & SURPLUS		
Profit/(Loss) Brought Forward	9,655,527	(7,048,058)
Add:		
Profit/(Loss) During the Period	(2,270,636)	16,703,585
TOTAL	7,384,891	9,655,528
SCHEDULE 3		
SECURED LOANS		
ICICI Bank		
Secured against hypothecation of vehicle	271,043	395,499
TOTAL	271,043	395,499
SCHEDULE 4		
UNSECURED LOANS		
From Holding Company (Non Interest bearing)	–	40,150,000
TOTAL	–	40,150,000

SCHEDULE 5

FIXED ASSETS

(Currency: Indian Rupees)

Description	Gross Block				Depreciation				Net Block	
	As at 1/04/2006	Additions	Deductions	As at 31/03/2007	Up to 31/03/2006	For the Year	Deductions	Up to 31/03/2007	As at 31/03/2007	As at 31/03/2006
Plant and Machinery	192,411,900	209,599,959	–	402,011,859	19,085,156	45,769,551	–	64,854,707	337,157,152	173,326,744
Equipments	331,670	271,432	–	603,102	325,061	179,583	–	504,644	98,458	6,609
Vehicles	697,446	–	–	697,446	138,323	66,257	–	204,580	492,866	559,123
TOTAL	193,441,016	209,871,391	–	403,312,407	19,548,540	46,015,390	–	65,563,931	337,748,476	173,892,476
PREVIOUS YEAR	24,668,620	168,772,396	–	193,441,016	3,126,599	16,421,940	–	19,548,540	173,892,476	

NOTE :

Depreciation calculated on Straight Line Method.

NOTES TO THE FINANCIAL STATEMENTS AS AT MARCH 31,

(Currency: Indian Rupees)

PARTICULARS	2007	2006
SCHEDULE 6		
CURRENT ASSETS, LOANS & ADVANCES		
A) CURRENT ASSETS		
SUNDRY DEBTORS		
(unsecured, considered good unless otherwise stated)		
More than Six Months	13,754,171	4,369,256
Others	177,522,369	124,364,030
	<u>191,276,540</u>	<u>128,733,286</u>
CASH AND BANK BALANCES		
Cash in Hand	44,246	20,158
Balance with Scheduled Banks		
In Current Accounts	997,913	995,607
Cheques & Drafts in Hand/Transit	<u>—</u>	<u>3,000</u>
	<u>1,042,159</u>	<u>1,018,765</u>
B) LOANS AND ADVANCES		
(unsecured, considered good unless otherwise stated)		
Advances		
(Recoverable in cash or in kind or for value to be received)		
To Group Companies	495,289,662	227,391,780
Advances - Others	7,960,709	54,609,634
Prepaid Expenses	398,911	261,937
Security Deposit	1,902,920	334,920
Service Tax - Input	2,820,215	145,122
	<u>508,372,417</u>	<u>282,743,393</u>
TOTAL	<u>700,691,117</u>	<u>412,495,444</u>
SCHEDULE 7		
CURRENT LIABILITIES AND PROVISIONS		
A) CURRENT LIABILITIES		
Sundry Creditors - For Expenses and other Liabilities		
Trade Advances and Deposits Received	232,566,567	175,411,849
Total - A	<u>870,477,618</u>	<u>397,627,600</u>
B) PROVISION FOR TAXATION		
Current Year	—	2,128,056
Less: TDS Recoverable	(7,617,505)	(4,313,128)
Fringe Benefit Tax	10,217	42,093
TOTAL - B	<u>(7,607,288)</u>	<u>(2,142,979)</u>
TOTAL (A+B)	<u>1,095,436,897</u>	<u>570,896,471</u>
SCHEDULE 8		
MISCELLANEOUS EXPENDITURE		
PRELIMINARY EXPENSES		
Balance written off during the year	16,415	24,622
TOTAL - A	<u>16,415</u>	<u>8,207</u>
	<u>—</u>	<u>16,415</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
MARCH 31,

(Currency: Indian Rupees)

PARTICULARS	2007	2006
SCHEDULE 9		
INCOME		
Call Centre Charges	160,896,526	32,306,916
CAS Charges	70,250,396	76,693,824
SMS Charges	4,675,275	4,200,000
CAS Provisioning Charges	801,063	1,092,945
Middleware Charges	45,107,361	22,041,729
Software Setup Charges	105,000	64,900
TOTAL	281,835,621	136,400,314
SCHEDULE 10		
OTHER INCOME		
Interest	126,583	14,910
TOTAL	126,583	14,910
SCHEDULE 11		
OPERATING EXPENSES		
Billing & Collection Expenses	5,883,591	5,007,715
Software and Smart Card Hire	–	7,140,000
Smart Card Software Licence Fees	31,336,566	–
Smart Card Support Charges	13,156,439	5,644,089
Call Centre Charges	25,571,266	–
Middleware Charges	28,688,833	–
TOTAL	104,636,695	17,791,804
SCHEDULE 12		
PERSONNEL COST		
Salaries, Allowances and Bonus	64,293,073	37,854,644
Contributions to Provident and other funds	4,762,955	2,775,788
Welfare Expenses	295,919	306,335
Recruitment and Training Expenses	1,628,793	1,821,635
TOTAL	70,980,740	42,758,402

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
MARCH 31,

(Currency: Indian Rupees)

PARTICULARS	2007	2006
SCHEDULE 13		
ADMINISTRATIVE AND OTHER EXPENSES		
Rent	672,000	672,000
Electricity Charges	1,609,758	1,715,658
Legal & Professional Charges	4,445,970	1,120,846
Printing & Stationery	105,376	29,119
Travelling & Conveyance Expenses	10,094,080	5,728,459
Communication Expenses	47,579,188	21,427,881
Vehicle Expenses	13,428	18,905
Sundry Expenses	8,804	275
Repairs & Maintenance - Others	605,533	676,537
Auditors' Remuneration	130,000	65,000
Insurance Expenses	21,459	20,227
Preliminary Expenses	16,415	8,207
Business Promotion Expenses	41,352	3,104
TOTAL	65,343,363	31,486,218
SCHEDULE 14		
FINANCIAL EXPENSES		
Bank Charges	491,907	107,659
Interest on Vehicle Loan	29,636	40,008
Interest on others	4,250	541
Foreign Exchange Fluctuation	(1,771)	560,051
TOTAL	524,023	708,259

NOTES TO THE FINANCIAL STATEMENTS

SCHEDULE 15

A. SIGNIFICANT ACCOUNTING POLICIES

1. ACCOUNTING CONVENTION

- a) The financial statements are prepared on historical cost convention on going concern basis and in accordance with the accounting standards referred to in Section 211 (3C) of the Companies Act, 1956.
- b) The Company follows the mercantile system of accounting and recognises income and expenditure on accrual basis except where stated otherwise.

2. REVENUE RECOGNITION

Service income, is being recognised after the service is completed.

3. FIXED ASSETS

Fixed Assets are stated at cost less accumulated depreciation. Cost includes capital cost, freight, installation cost, duties and taxes, and other incidental expenses incurred during the acquisition, installation, attributable to bringing the asset to its working condition for its intended use.

4. DEPRECIATION

- a) Depreciation on fixed assets is provided at rates prescribed in Schedule XIV of the Companies Act, 1956 (except otherwise stated) on straight-line method.
- b) Assets costing below Rs. 5,000/- are depreciated at 100% (Except VC Cards) and the value of such assets is Rs. 242,720/- (Previous year Rs. 744,988/-).
- c) Depreciation on Computer Software is provided on the same rate as Computer Equipment.

5. RETIREMENT BENEFITS

- a) Contributions to Provident Fund and other recognised funds are charged to the Profit and Loss Account.
- b) Liability for Leave Encashment & Gratuity provided on Actuarial basis.

6. FOREIGN CURRENCY TRANSACTIONS

- (a) Transactions in Foreign currency are accounted at the equivalent rupee value on the date of transaction. Monetary items are translated at the exchange rates prevailing at the end of the year and gain/loss arising on such transaction is credited/charged to Profit & Loss Account..
- (b) Foreign currency assets and liabilities at the year end to the extent not covered by Forward Contracts are realigned at the prevailing exchange rates on Balance Sheet date and differences related to liabilities incurred for acquiring fixed assets from outside India, such profit or loss is adjusted in the cost of fixed assets.

7. TAXATION

Deferred tax is recognised, 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.

8. MISCELLANEOUS EXPENDITURE

The Company had incurred preliminary expenses amounting to Rs. 41,036/- as incorporation expenses and the same were to be amortised in 5 years. However in pursuant to AS-26 on "Intangible Assets" issued by the Institute of Chartered Accountants of India, balance amount of Rs. 16,415/- appearing under the head Miscellaneous Expenditure has been written off in the current financial year. Accordingly the loss for the current year is higher by Rs. 8,207/-.

10. PROVISIONS AND CONTINGENCIES

The Company recognise provision based on the best estimate required to settle the obligation and disclosure for a contingent liability is made when there is a possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events.

NOTES TO THE FINANCIAL STATEMENTS

11. BORROWING COSTS

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

B. NOTES TO ACCOUNTS

1. PRIOR YEAR COMPARATIVES

Previous years figures are regrouped, rearranged or recasted wherever considered necessary to confirm to this year's classification. Figures in parenthesis pertain to previous year. Amounts are in Rupees wherever they appear in these financial statements, schedules and Notes to Accounts unless specified.

2. INCOME TAX

- In view of losses and allowances available under the Income Tax Act, no provision for current taxation is required.
- In accordance with the Accounting Standard 22 on "Accounting for taxes on income" (AS-22) issued by the Institute of Chartered Accountants of India, deferred tax assets and liability is recognised for all timing differences in accordance with the said standard.
- The Components of the deferred tax balances as on March 31, 2007 are as under:

(Currency: Indian Rupees)

Particulars	2007	2006
Deferred Tax Liabilities	6,857,971	9,761,008

3. MANAGERIAL REMUNERATION

No Commission or Remuneration is paid/payable to any Directors and hence the computation of profits under Section 198/349 is not required.

4. SECURED LOAN

Secured loan includes vehicle loan taken from ICICI Bank Ltd. and secured by Hypothecation of vehicle.

5. DISCLOSURES

- Unsecured Loan of Rs. 40,150,000/- outstanding as on March 31, 2006 of Siti Cable Network Ltd. has been clubbed with the outstanding balance of Dish TV India Ltd. (Previously known as ASC Enterprises Ltd.) due to Merger of Siti Cable Network Ltd. with Dish TV India Ltd.

b) Transaction in foreign currencies

(Currency: Indian Rupees)

Particulars	2007	2006
i) Expenditure in Foreign Currency (on payment basis) :		
Software License Payments	22,450,749	NIL
Middleware exp.	13,712,635	NIL
ii) CIF Value of Imports :		
Capital Goods	191,711,299	134,809,923
iii) Services received Capital in nature (on payment basis)		
Middleware installation charges	12,690,000	NIL

NOTES TO THE FINANCIAL STATEMENTS

c) Auditors' Remuneration:

(Currency: Indian Rupees)

Particulars	2007	2006
Audit Fees *	100,000	41,000
Tax Audit Fees *	25,000	19,000
Out of Pocket Expenses*	5,000	5,000

(* Excluding Service Tax)

d) Small Scale Industry Undertaking:

Based on information available with the Company, the Company does not owe any amount to small scale undertaking as on March 31, 2007.

e) Some of the Debit and Credit Balances are subject to confirmation and reconciliation.

f) In the opinion of the Board of Directors the Current Assets, Loans and Advances shown in the Balance Sheet as on March 31, 2007 are considered good and fully recoverable, except otherwise stated and provision for all known liabilities is made in the accounts.

6. CAPITAL COMMITMENTS

Estimated amounts of contracts remaining to be executed on capital account, not provided for (net of advances) Rs.144,584,437/- (Previous year Rs. 144,204,315/-).

7. RELATED PARTY DISCLOSURES

(Currency: Indian Rupees)

Particulars	Period Ended 31.03.2007		Year Ended 31.3.2006	
	Total Amount (Rs.)	Amounts for Major Parties	Total Amount (Rs.)	Amounts for Major Parties
(i) With Holding Company				
Sales, Services & Recoveries	294,240,774			
Dish TV India Ltd. (previously known as ASC Enterprises Ltd.)		294,240,774		
Purchase of Goods & Services				
Dish TV India Ltd. (previously known as ASC Enterprises Ltd.)				
Loan, Advance and Deposit Given	471,050,018			
Dish TV India Ltd. (previously known as ASC Enterprises Ltd.)		471,050,018		

NOTES TO THE FINANCIAL STATEMENTS

(Currency: Indian Rupees)

Particulars	Period Ended 31.03.2007		Year Ended 31.3.2006	
	Total Amount (Rs.)	Amounts for Major Parties	Total Amount (Rs.)	Amounts for Major Parties
Refund Received against Loan, Advance and Deposit Given	213,099,663.00			
Dish TV India Ltd. (previously known as ASC Enterprises Ltd.)		213,099,663.00		
(ii) With Other Related Parties:				
Sales, Services & Recoveries	5,649,711			
Zee Turner Ltd.		756,304		727,570
Wire & Wireless India Ltd.		234,413		
Pan India Network Investment (P) Ltd.		1,933,187		3,575,443
Intrex India Ltd.		1,822,713		2,363,320
Dakshin Media Gaming Solutions Pvt. Ltd.		903,094.00		1,210,210
Purchase of Goods & Services	1,609,758			
Zee Telefilms Ltd.		1,609,758		3,852,283
Rent Paid	672,000			
Zee Telefilms Ltd.		672,000		672,000
Loan, Advance and Deposit Taken	500,000			
Zee Turner Ltd.		500,000		
Loan, Advance and Deposit Given	4,700,000			
Wire & Wireless India Ltd.		4,700,000		
Share Application Money Given			50,000,000	
ASC Enterprises Ltd. (now it is known as Dish TV India Ltd.)				50,000,000
Refund Received against Loan, Advance and Deposit Given	1,687,000			
Wire & Wireless India Ltd.		1,687,000		
Balance at the end of period:				
With Holding Company				
Share Capital	500,000			

NOTES TO THE FINANCIAL STATEMENTS

(Currency: Indian Rupees)

Particulars	Period Ended 31.03.2007		Year Ended 31.3.2006	
	Total Amount (Rs.)	Amounts for Major Parties	Total Amount (Rs.)	Amounts for Major Parties
Dish TV India Ltd. (previously known as ASC Enterprises Ltd.)		500,000		
Loan Deposit and Advances Given	535,432,990			
Dish TV India Ltd. (previously known as ASC Enterprises Ltd.)		495,282,990		
Creditors for Goods & Services	5,732,949			
Dish TV India Ltd. (previously known as ASC Enterprises Ltd.)		5,732,949		
Debtors	185,644,413			
Dish TV India Ltd. (previously known as ASC Enterprises Ltd.)		185,644,413		
With Other Related Parties:				
Loan, Deposit and Advances Given	3,013,000			
Wire & Wireless India Ltd.		3,013,000		
Loan, Deposit and Advances Taken	5,901,750			
Zee Turner Ltd.		500,000		
Zee Multimedia Worldwide Mauritius Ltd.		5,401,750		
Creditor	9,384,750			
Zee Telefilms Ltd.		9,384,750		7,289,875
Debtors	1,303,084		116,444,346	
ASC Enterprises Ltd. (now it is known as Dish TV India Ltd.)				116,444,346
Zee Turner Ltd.		303,235		62,751
Wire & Wireless India Ltd.		229,153		
PAN India Network Investment (P) Ltd.		134,216		1,056,976
Intrex India Ltd.		446,413		1,588,439
Dakshin Media Gaming Solutions P. Ltd		190,067		1,183,781

NOTES TO THE FINANCIAL STATEMENTS

8. SEGMENT INFORMATION:

The Company operates in one operating segment of B.P.O. activity involving Call Centre, Encryption, Middleware & Subscriber Management Services.

9. EARNING PER SHARE (EPS)

The Basic/diluted earning per share calculated as AS-20 issued by ICAI is as under : (Currency: Indian Rupees)

Particulars	Year ended 31.03.2007	Year ended 31.03.2006
Profit/(loss) After Tax	(2,270,636)	16,703,585
Nos. of Equity Shares	50,000	50,000
Basic & diluted earning per Share	(45.41)	334.07

As per our attached report of even date

S. K. AGARWAL, FCA
M. No. 87927

For and behalf of
S.K. & Co.
Chartered Accountants

Place : New Delhi
Date : June 25, 2007

For and on behalf of the Board

Mukesh Mittal
Director

Ankush Garg
Director

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. REGISTRATION DETAILS

(Rs. in '000)

Registration No. 1 1 1 4 2 1

State Code 5 5

Balance Sheet Date 3 1 0 3 2 0 0 7

II. CAPITAL RAISED DURING THE YEAR (Rs. in '000)

Public Issue N I L

Rights Issue N I L

Bonus Issue N I L

Private Placement N I L

III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS

Total Liabilities 1 5 0 1 3

Total Assets 1 5 0 1 3

SOURCES OF FUNDS

Paid-up Capital 5 0 0

Reserves and Surplus 7 3 8 5

Secured Loans 2 7 1

Unsecured Loans N I L

Deferred Tax Liability 6 8 5 8

APPLICATION OF FUNDS

Net Fixed Assets 4 0 9 7 6 0

Investments N I L

Net Current Assets - 3 9 4 7 4 6

Miscellaneous Expenditure N I L

Accumulated Loss 7 3 8 5

IV. PERFORMANCE OF THE COMPANY

Turnover 2 8 1 9 6 2

Total Expenditure 2 8 7 5 0 0

+/- Profit/(Loss) After Tax - 5 5 3 8

+/- Profit/(Loss) Before Tax - 2 2 7 1

Earnings Per Share (Rs.) - 4 5 . 4 1

Dividend Rate (%) N I L

V. GENERIC NAMES OF PRINCIPAL PRODUCTS/SERVICES OF THE COMPANY (as per monetary terms)

Item Code No. (ITC Code) N A

Product Description N A

For and on behalf of the Board

Place : New Delhi
Date : June 25, 2007

Mukesh Mittal
Director

Ankush Garg
Director

CASH FLOW STATEMENT

(Currency : Indian Rupees)

PARTICULARS	2007	2006
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before taxation, and exceptional items	(5,538,007)	27,248,601
Adjustments for :		
Depreciation	46,015,390	16,421,940
Interest Expenses	33,886	40,008
Interest Income	(126,583)	(14,910)
Prior Period Adjustment	559,551	(115,418)
Miscellaneous Expenses W/O	16,415	8,207
Net Profit after adjustment	<u>40,960,653</u>	<u>43,588,428</u>
Direct Taxes Paid (Net)	195,217	2,614,309
Operating Profit before working capital changes	<u>40,765,436</u>	<u>40,974,118</u>
Adjustments for Change in working Capital :		
(Increase)/Decrease in trade and other receivables	(288,172,277)	(285,179,564)
Increase/(Decrease) in trade and other payables	524,540,426	463,090,102
Net Cash Flow from Operating Activities	<u>277,133,584</u>	<u>218,884,656</u>
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchases of Fixed Assets	(209,871,391)	(168,772,396)
Capital Work-in-Progress	(27,057,040)	(1,468,139)
Interest Received	126,583	14,910
Net Cash Flow from Investing Activities	<u>(236,801,848)</u>	<u>(170,225,625)</u>
C. CASH FLOW FROM FINANCING ACTIVITIES		
Interest Paid	(33,886)	(40,008)
Unsecured Loans from Others	-	2,400,000
Advance Against Share Application Money	-	(50,000,000)
Repayment of Vehicle Loan	(124,456)	(114,084)
Net Cash Flow from Financing Activities	<u>(158,342)</u>	<u>(47,754,092)</u>
Net Cash Flow during the year (A+B+C)	40,173,394	904,939
Cash and Cash Equivalents at the beginning of the year	1,018,765	113,826
Cash and Cash Equivalents at the end of the year	<u>41,192,159</u>	<u>1,018,765</u>
Notes to the Cash Flow Statement for the year ended March 31, 2007		
1) Previous year's figures have been regrouped, recast wherever necessary		
2) Cash and Cash Equivalents at the end of the year:		
Cash in hand	44,246	20,158
Balances with Scheduled Banks in Current Accounts	997,913	998,607

S. K. Agarwal, FCA
M. No. 87927

For and behalf of
S.K. & Co.
Chartered Accountants

Place : New Delhi
Date : June 25, 2007

For and on behalf of the Board

Mukesh Mittal
Director

Ankush Garg
Director



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