

Directors' Report

To the Members,

Your Directors take pleasure in submitting their Tenth Annual Report of the Company together with the audited Statement of Accounts for the year ended March 31, 2010.

FINANCIAL RESULTS

| Particulars | For the year ended (Rs. in Lacs) | |
|---|----------------------------------|-----------|
| | 31.03.10 | 31.03.09 |
| Sales and Services | | - |
| Other income | 22.14 | 6.87 |
| Total Income | 22.14 | 6.87 |
| Less: Expenditure | 23.14 | 26.15 |
| Profit/ (Loss) before Tax | (0.99) | (19.29) |
| Provision for Tax | - | - |
| Profit / (Loss) for the year after Tax | (0.99) | (19.29) |
| Add: Balance brought forward from previous year | (4074.73) | (4055.45) |
| Balance carried to Balance Sheet | (4075.73) | (4074.73) |

OPERATING RESULTS AND BUSINESS

For the financial year ended March 31, 2010 the Company has incurred a loss after tax of Rs. 0.99 Lacs.

DIVIDEND

In view of no commercial operations, your Directors do not recommend any dividend.

FIXED DEPOSITS

The Company has not accepted any deposit within the meaning of Section 58A, from the public, and Section 58AA, from the small depositors, of the Companies Act, 1956.

PARTICULARS REGARDING CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUTGO

Information required to be provided under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 in relation to Conservation of Energy and Technology Absorption are currently not applicable to the Company and therefore particulars in connection therewith are as under:

- a) Conservation of Energy- Nil
- b) Technology Absorption- Nil

There are no Foreign Exchange Earnings during the year.

DIRECTORS

Your Company had appointed Mr. Mukesh Mittal and Mr. Rajendra Kumar Jagnani as Additional Director in the category of Independent Director with effect from November 5, 2009. Mr. Mukesh Mittal and Mr. Rajendra Kumar Jagnani shall vacate the office of Director at the ensuing Annual General Meeting and have filed requisite consent to act as Directors of the Company. Notices have been received from members of the Company under Section 257 of the Companies Act, 1956 for the appointment of Mr. Mukesh Mittal and Mr. Rajendra Kumar Jagnani as Directors of the company. Appropriate resolution seeking your approval to the appointment of Mr. Mukesh Mittal and Mr. Rajendra Kumar Jagnani is appearing in the Notice convening the Tenth Annual General Meeting of the Company.

Mr. Amit Goyal, Director, retire by rotation at the ensuing Annual General Meeting of your Company and being eligible, has offered himself for re-appointment. Your Board has recommended for his re-appointment.

Agrani Convergence Limited

PARTICULARS OF EMPLOYEES

As required under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended there are no employees who were in receipt of remuneration in excess of the limit laid down under the said rules.

Your directors place on record their appreciation for the valuable contribution made by the employees of your Company.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to provisions of Section 217(2AA) of the Companies Act, 1956, the Directors confirm that:

1. The applicable accounting standards have been followed in the preparation of the accounts of the Company and wherever required, the necessary explanations are provided in the accounts;
2. In order to give a true and fair view of the state of affairs of the Company at the year ended March 31, 2010, appropriate accounting policies have been selected and applied consistently and prudent and reasonable judgments and estimates were made;
3. For safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities, proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956;
4. The annual accounts have been prepared on a going concern basis.

AUDITORS' REPORT

Director's clarifications/ explanations/ comments for observation and comments referred in the Clauses (vii) & (x) of Annexure referred to in Paragraph 3 of the Auditors' Report under Section 217(3) of the Companies Act, 1956 are as under:

Directors Comments on Annexure referred to in Paragraph 3 of Auditor's Report

- (a) Item at Clause No. (vii) – The Company did not have any internal audit system during the year.

Our Explanation

Your Company has closed all its operations due to uncertainty in future business activities. Hence the internal Audit system was not implemented during the year under review. However the management is exploring alternative avenues of new business and is in the process of implementing internal audit system in future years.

- (b) Item at Clause No. (x) - The Accumulated Losses of the company have exceeded fifty percent of its net worth as at March 31, 2010. The Company has incurred cash loss in current and in the preceding financial year.

Our Explanation

Your Company has closed all its operations due to uncertainty in future business activities. Hence the Accumulated Losses of the Company have exceeded fifty percent of its net worth as at March 31, 2010 as well as the company has incurred cash loss in the current and in the preceding financial year. However the management is exploring alternative avenues of new business and is hopeful that the Company will be making profit barring unforeseen eventualities in the future.

AUDITORS

M/s. MGB & Co. Chartered Accountants, Delhi, the Statutory Auditors of the Company will hold office until the conclusion of the ensuing Annual General Meeting and being eligible, are being proposed 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(1B) 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.

ACKNOWLEDGEMENT

Your Directors wish to place on record their gratitude for the support extended by all and look forward to the continued co-operation.

For and on behalf of the Board

Place : Delhi
Date : August 30, 2010

Rajendra Kumar Jagnani
Director

Mukesh Mittal
Director

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, 2010 and also the Profit and Loss account and the Cash Flow statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' 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 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, 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, 2010, 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, 2010;
 - 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.

L.K. Shrishrimal
Membership No: 72664
Partner

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

Place : Delhi
Date : August 30, 2010

Agrani Convergence Limited

ANNEXURE REFERRED TO IN PARAGRAPH 3 OF THE AUDITORS' REPORT TO THE MEMBERS OF AGRANI CONVERGENCE LIMITED ON THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH, 2010

- (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, no discrepancy was found on physical verification.
- (c) The Company has not disposed off a substantial part of the fixed assets during the year.
- (ii) The company does not have inventory during the year accordingly clause (ii) (a), (ii) (b) and (ii) (c) of the Order are not applicable to the Company.
- (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, 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. 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, 2010 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 dues on account of Income Tax, Sales Tax, Custom Duty, Wealth Tax, Excise Duty and Cess which have not been deposited on account of any dispute.
- (x) *The Accumulated losses of the company have exceeded 50 percent of its net worth as at 31st March, 2010. The Company has incurred cash loss in current and in the 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 utilization 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.

L.K. Shrishrimal
Membership No. 72664
Partner

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

Place : Delhi
Date : August 30, 2010

Agrani Convergence Limited

Balance Sheet as at March 31, 2010

| | Notes | 2010 | 2009 |
|---|-------|--------------------|--------------------|
| Currency: Indian Rupees | | | |
| SOURCES OF FUNDS | | | |
| Shareholders' Funds | | | |
| Share Capital | 2 | 244,520,460 | 244,520,460 |
| Loan Funds | | | |
| Unsecured Loans | 3 | 179,258,000 | 179,458,000 |
| TOTAL | | 423,778,460 | 423,978,460 |
| APPLICATION OF FUNDS | | | |
| Fixed Assets | 4 | | |
| Gross Block (at cost) | | 896,336 | 896,336 |
| Less: Accumulated Depreciation | | 856,278 | 854,978 |
| Net Block | | 40,058 | 41,358 |
| Investments | 5 | 25,500 | 25,500 |
| Current Assets, Loans and Advances | | | |
| Sundry Debtors | 6 | 8,628,214 | 8,628,214 |
| Cash and Bank Balances | 7 | 603,113 | 480,895 |
| Loans and Advances | 8 | 10,113,235 | 12,583,401 |
| | | 19,344,562 | 21,692,510 |
| Less: Current Liabilities and Provisions | | | |
| Current Liabilities | 9 | 3,204,424 | 5,254,269 |
| | | 3,204,424 | 5,254,269 |
| Net Current Assets | | 16,140,138 | 16,438,241 |
| Profit and Loss Account | | 407,572,764 | 407,473,361 |
| TOTAL | | 423,778,460 | 423,978,460 |
| The accompanying notes form an integral part of these financial statements. | | | |

As per our attached report of even date

L. K. Shrishrimal
Partner

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

Place : Delhi
Date : August 30, 2010

For and on behalf of the Board

Rajendra Kumar Jagnani
Director

Mukesh Mittal
Director

Agrani Convergence Limited

Notes to Financial Statements as at March 31, 2010

(Currency: Indian Rupees)

| | 2010 | 2009 |
|--|--------------------|-------------|
| 2. SHARE CAPITAL | | |
| Authorised | | |
| 27,000,000 Equity Shares of ₹ 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 ₹ 10 each fully paid up. (Of the above, 12,470,544 equity shares are held by the holding company viz. Dish TV India Limited and its nominees) | 244,520,460 | 244,520,460 |
| TOTAL | 244,520,460 | 244,520,460 |
| 3. UNSECURED LOANS | | |
| Inter Corporate Deposits (Interest-free and repayable on demand) | 179,258,000 | 179,458,000 |
| TOTAL | 179,258,000 | 178,458,000 |

4. FIXED ASSETS (AT COST)

| Description of Assets | Gross Block | | | Depreciation | | | | Net Block | | |
|-----------------------------------|---------------------|-----------|-----------|---------------------|--------------------|--------------|-----------|---------------------|---------------------|---------------------|
| | As at 01.04.2009 | Additions | Deduction | As at 31.03.2010 | Upto 31.03.2009 | For the Year | Deduction | Up to 31.03.2010 | As at 31.03.2010 | As at 31.03.2009 |
| A) TANGIBLE ASSETS | | | | | | | | | | |
| Computers | 840,140 | - | - | 840,140 | 817,122 | - | - | 817,122 | 23,018 | 23,018 |
| Office Equipment | 10,600 | - | - | 10,600 | 2,465 | 504 | - | 2,969 | 7,631 | 8,135 |
| Furniture and Fixtures | 12,528 | - | - | 12,528 | 3,633 | 796 | - | 4,429 | 8,099 | 8,895 |
| Total - A | 863,268 | - | - | 863,268 | 823,220 | 1,300 | - | 824,520 | 38,748 | 40,048 |
| B) INTANGIBLE ASSETS | | | | | | | | | | |
| Computer Softwares | 33,068 | - | - | 33,068 | 31,758 | - | - | 31,758 | 1,310 | 1,310 |
| Total - B | 33,068 | - | - | 33,068 | 31,758 | - | - | 31,758 | 1,310 | 1,310 |
| Current Year Total - (A+B) | 896,336 | - | - | 896,336 | 854,978 | 1,300 | - | 856,278 | 40,058 | 41,358 |
| Previous Year Total | 896,336 | - | - | 896,336 | 850,410 | 4,568 | - | 854,978 | 41,358 | |

| | 2009 | 2008 |
|--|-------------------|------------|
| 5. INVESTMENTS | | |
| NSC VIII issue (Pledged with Sales Tax Authorities) | 25,500 | 25,500 |
| TOTAL | 25,500 | 25,500 |
| 6. SUNDRY DEBTORS | | |
| (unsecured, considered good unless otherwise stated) | | |
| Over Six Months (considered doubtful ₹ 11,835,948 (₹ 11,835,948)) | 20,464,162 | 20,464,162 |
| Others | - | - |
| Less: Provision for doubtful debts | 11,835,948 | 11,835,948 |
| TOTAL | 8,628,214 | 8,628,214 |

Notes to Financial Statements as at March 31, 2010

(Currency: Indian Rupees)

| | 2010 | 2009 |
|---|-------------------|-------------------|
| 7. CASH AND BANK BALANCES | | |
| Balances with scheduled banks in: | | |
| Current Account | 506,113 | 383,895 |
| Fixed Deposits* | 97,000 | 97,000 |
| TOTAL | 603,113 | 480,895 |
| * Includes ₹ 97,000/- (₹ 97,000/-) pledged with Sales Tax Authorities | | |
| 8. LOANS AND ADVANCES | | |
| (unsecured and considered good unless otherwise stated) | | |
| Loans | 7,118,040 | 6,524,040 |
| Advances (Refer Note 14) | 2,919,295 | 5,983,461 |
| (Recoverable in cash or in kind or for value to be received) | | |
| Deposits | 75,900 | 75,900 |
| TOTAL | 10,113,235 | 12,583,401 |
| 9. CURRENT LIABILITIES AND PROVISIONS | | |
| CURRENT LIABILITIES | | |
| Sundry Creditors [Refer Note 17 (c)] | | |
| For Goods | 2,119,155 | 2,217,615 |
| For Expenses and others | 485,453 | 2,436,838 |
| Trade Deposits/Advance Received | 599,816 | 599,816 |
| TOTAL | 3,204,424 | 5,254,269 |
| 10. OTHER INCOME | | |
| Interest [TDS ₹ 66,000 (₹ 135,960)] | 660,000 | 665,756 |
| Miscellaneous Income | 1,957 | 21,000 |
| Liability no longer required written back | 1,552,376 | - |
| TOTAL | 2,214,333 | 686,756 |
| 11. ADMINISTRATIVE AND OTHER EXPENSES | | |
| Rent | 56,654 | 60,194 |
| Rates and Taxes | 774,111 | 2,307 |
| Communication Charges | - | 200 |
| Electricity and Water Charges | 420 | 3,965 |
| Travelling and Conveyance Expenses | 65,453 | 94,768 |
| Printing and Stationary | 11,389 | 40,765 |
| Legal and Professional Charges | 481,787 | 954,765 |
| Miscellaneous Expenses | 73,873 | 20,676 |
| Balances Written Off | 828,529 | - |
| Store and Office Maintenance Charges | 14,965 | 70,375 |
| Bad and Doubtful Debts/Advances (net) | - | 1,357,536 |
| Bank Charges | 3,547 | 5,346 |
| Staff Welfare | 1,709 | - |
| TOTAL | 2,312,437 | 2,610,897 |

Agrani Convergence Limited

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

(Currency: Indian Rupees)

1 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 recognizes 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 managements estimated economic useful lives of these assets:

| Assets | Rates (%) |
|-----------|-----------|
| 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 period end and difference on realignment is recognized in the profit and loss account.

d) Revenue Recognition:

- (i) Sales are recognized when goods are invoiced on dispatch to customers.
- (ii) Service income is recognized when services are rendered.
- (iii) Rentals are recognized on accrual basis as per the terms of the contract.

e) Inventories:

Inventories are valued at lower of cost or net realizable value. Cost is determined on first in first out basis.

f) Operating Leases:

Lease of assets under which the Lesser effectively retains all the risk and rewards of ownership are classified as operating leases. Lease payments under operating leases are recognized as an expense on accrual basis in accordance with respective lease agreements.

g) Taxes on Income:

- (i) Current tax is determined as the amount of tax payable in respect of taxable income for the period.
- (ii) Deferred tax is recognized, 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.

h) Earning Per Share:

Basic earning per share is computed and disclosed using the weighted average number of common shares outstanding during the period. Diluted earning per share is computed and disclosed using the weighted average number of common and dilutive common equivalent shares outstanding during the period except where the result would be anti dilutive.

i) 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.

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

(Currency: Indian Rupees)

12. The Board of Directors vide resolution dated 1st March, 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 realizable value.
13. **Taxes on income:**
- In view of the brought forward losses, no provision for taxation is considered necessary under the Income Tax Act, 1961
 - In accordance with the Accounting Standard 22 on "Accounting for Taxes on Income Tax" (AS 22), deferred tax assets and liabilities should be recognized 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 period of certainty / virtual certainty in accordance with the aforesaid accounting standard.
14. Debts due from the 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, 2010 ₹ | Maximum amount due at any time during the year ₹ |
|--|---|--|
| Loans and Advances | | |
| Quickcalls Private Limited | 1,463,573 (791,041) | 1,463,573 (791,041) |
| Agrani Telecom Limited | NIL (672,532) | 672,532 (672,532) |
| Dish TV India Limited – [Holding Company (Refer Note 15(a) below)] | 925,164 (926,694) | 926,694 (926,694) |
| Debtors | | |
| Quickcalls Private Limited | 8,628,175 (8,628,175) | 8,628,175 (8,628,175) |

15. **Related Party Disclosures:**

List of parties where control exists:

- Holding Company** - Dish TV India Limited (Extent of holding 51%)
- Fellow Subsidiary Companies** - Agrani Satellite Services Limited
Integrated Subscriber Management Services Limited
- Other related parties with whom the Company had transactions during the period and balances outstanding as on the last day of the year i.e. March 31, 2010:**

Other Related Parties:

Quickcalls Private Limited, Procall Private Limited, Zee Entertainment Enterprises Limited, Interactive Tradex India Private Limited, Agrani Telecom Limited, ASC Telecommunication Limited, Premier Finance & Trading Co. Limited, Zee News Limited, Intrex India Limited, Cornershop Entertainment Company Private Limited.

(d) Key Management Personnel:

Shri Puneet Goenka (up to 05.11.2009)

Shri Atul Goel,

Shri Amit Goyal,

Shri Rajendra Kumar Jagnani (w.e.f. 05.11.2009),

Shri Mukesh Mittal (w.e.f. 05.11.2009).

Agrani Convergence Limited

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

(Currency: Indian Rupees)

Transaction with related parties:

| Particulars | 2010 | 2009 |
|--|--------------------|--------------------|
| Transactions: | | |
| With Holding Company: | | |
| Refund of advance given | 1,530 | - |
| With Other Related Parties: | | |
| Advance Given | 2,791,687 | 50,108 |
| Quickcalls Private Limited | 672,532 | 50,108 |
| Intrex India Limited | 2,119,155 | - |
| Refund of Advance Given | 672,532 | - |
| Agrani Telecom Limited | 672,532 | - |
| Expenses Recovered | - | 99,250 |
| Quickcalls Private Limited | - | 9,750 |
| Procall Private Limited | - | 89,500 |
| ASC Telecommunication Limited | - | - |
| Advance Received | - | 5,000 |
| ASC Telecommunication Limited | - | 5,000 |
| Repayment of Advance Received | 2,119,155 | 129,829 |
| ASC Telecommunication Limited | - | 129,829 |
| Cornershop Entertainment Company Private Limited | 2,119,155 | - |
| Loan Taken | 875,000 | 179,755,000 |
| Premier Finance & Trading Co. Ltd. | - | 178,783,000 |
| ASC Telecommunication Limited | 875,000 | 972,000 |
| Loan Taken Repaid | 1,075,000 | 179,080,000 |
| ASC Telecommunication Limited | 1,075,000 | 297,000 |
| Ganjam Trading Co. Private Limited | - | 178,783,000 |
| Balance Outstanding as on 31.03.2010 | | |
| With Holding Company: | | |
| Loan / Deposits / Advances Given | 925,164 | 926,694 |
| With Other Related Parties: | | |
| Loan / Deposits / Advances Given | 1,604,674 | 1,463,573 |
| Quickcalls Private Limited | 1,463,573 | 791,041 |
| Agrani Telecom Limited | - | 672,532 |
| Cornershop Entertainment Company Private Limited | 141,101 | - |
| Loan/Deposits/Advances Received | 179,879,634 | 180,079,634 |
| Premier Finance & Trading Co. Ltd. | 178,783,000 | 178,783,000 |
| Procall Private Limited | 599,816 | 599,816 |
| Zee Entertainment Enterprises Limited | - | 21,818 |
| Zee News Limited | 21,818 | - |
| ASC Telecommunication Limited | 475,000 | 675,000 |
| Debtors | 18,764,683 | 18,764,683 |
| Interactive Tradex Private Limited | 10,136,508 | 10,136,508 |
| Quickcalls Private Limited | 8,628,175 | 8,628,175 |
| Creditors | 2,119,155 | 1,978,054 |
| Intrex India Limited | 2,119,155 | - |
| Cornershop Entertainment Company Private Limited | - | 1,978,054 |
| Doubtful Debts | 10,136,508 | 10,136,508 |
| Interactive Tradex Private Limited | 10,136,508 | 10,136,508 |

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

(Currency: Indian Rupees)

16. Segmental Reporting

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

17. Miscellaneous:

- Certain debit and credit balances are subject to confirmation and reconciliation, if any.
- In the opinion of the Board, the current assets, loans and advances are approximately of the value stated if realized in the ordinary course of business and provision for all known liabilities has been made in the accounts.
- As per the information available with the company and relied upon by the auditors, there is no amount due as on 31st March, 2010 to micro, small and medium scale enterprises as per Micro, Small, Medium Enterprises Development (MSMED) Act, 2006.
- Legal and Professional Expenses includes ₹ 86,192 (Nil) being prior period expenses.
- Contingent Liabilities not provided for :**

| Particulars | Year ended 31.03.2010 ₹ | Year ended 31.03.2009 ₹ |
|-------------|----------------------------|----------------------------|
| Sales Tax | - | 3,144,271 |

- Auditors' Remuneration** (included in Legal and Professional Expenses):

| Particulars | Year ended 31.03.2010 ₹ | Year ended 31.03.2009 ₹ |
|--|----------------------------|----------------------------|
| Audit Fees | 75,000 | 50,000 |
| Other Matters [Net of reversal of earlier period [₹ 4,706 (₹ 32,023)] | 100,294 | 30,896 |
| Service Tax & out of pocket expenses | 24,654 | 10,000 |
| Total | 199,948 | 90,896 |

- 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 that 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.
- The Company does not have a whole time company secretary as required under Section 383A of the Companies Act, 1956.
- The Company does not have a Managing Director as required under Section 269 of the Companies Act, 1956.
- 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 period.

As per our attached report of even date

L. K. Shrishrimal
Partner

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

Place : Delhi

Date : August 30, 2010

For and on behalf of the Board

Rajendra Kumar Jagnani
Director

Mukesh Mittal
Director

Agrani Convergence Limited

Cash Flow Statement for the year ended March 31, 2010

Currency: Indian Rupees

| | 2010 | 2009 |
|---|------------------|--------------------|
| A. CASH FLOW FROM OPERATING ACTIVITIES | | |
| Net Profit/(Loss) before Taxation and Extraordinary items | (99,403) | (1,928,709) |
| Adjustments for: | | |
| Depreciation | 1,300 | 4,568 |
| Provision for doubtful debts and advances | - | 1,357,536 |
| Advance Written off | 828,529 | - |
| Interest Income | (660,000) | (665,756) |
| Operating Profit before Working Capital changes | 70,426 | (1,232,361) |
| Adjustments for: | | |
| (Increase)/Decrease in Trade and Other Receivables | 2,235,637 | (64,764) |
| Increase/(Decrease) in Trade Payables | (2,049,845) | (102,669) |
| Cash Generated from Operations | 256,218 | (1,399,794) |
| Less: Direct Taxes Paid | - | - |
| Net Cash Flow from Operating Activities | 256,218 | (1,399,794) |
| B. CASH FLOW FROM INVESTING ACTIVITIES | | |
| Loan Given | - | (524,040) |
| Interest received | 66,000 | 665,755 |
| Net Cash Flow from Investment Activities | 66,000 | 141,715 |
| C. CASH FLOW FROM FINANCING ACTIVITIES | | |
| Loan Taken | 875,000 | 179,760,000 |
| Repayment of Borrowings | (1,075,000) | (179,085,000) |
| Net Cash Flow from Financing Activities | (200,000) | 675,000 |
| Net Cash flow during the year (A+B+C) | 122,218 | (583,079) |
| Cash & Cash Equivalents at the beginning of the year | 480,895 | 1,063,974 |
| Cash & Cash Equivalents at the end of the year | 603,113 | 480,895 |
| Notes: | | |
| 1. Previous year's figures have been regrouped, recast wherever considered necessary. | | |
| 2. Cash and Cash Equivalents include the following | | |
| Balance with Scheduled Bank | | |
| - In Current Accounts | 506,113 | 383,895 |
| - In Deposit Accounts (pledge with sales tax authorities) | 97,000 | 97,000 |
| | 603,113 | 480,895 |

As per our attached report of even date

L. K. Shrishrimal
Partner

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

Place : Delhi

Date : August 30, 2010

For and on behalf of the Board

Rajendra Kumar Jagnani
Director

Mukesh Mittal
Director

Balance Sheet Abstract and Company's General Business Profile

(Currency: Indian Rupees)

I. REGISTRATION DETAILS U 7 4 8 9 9 D L 2 0 0 0 P L C 1 0 6 5 5 2

Registration No. State Code

Balance Sheet Date
Day Month Year

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

Public Issue Rights Issue

Bonus Issue Private Placement

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

Total Liabilities Total Assets

SOURCES OF FUNDS

Paid-up Capital Reserves & Surplus

Secured Loans Unsecured Loans

Deferred Tax Liability

APPLICATION OF FUNDS

Net Fixed Assets Investments

Net Current Assets Miscellaneous Expenditure

Accumulated Loss Deferred Tax Assets

IV. PERFORMANCE OF THE COMPANY (RUPEES IN THOUSANDS)

Turnover Total Expenditure

Profit/(Loss) Before Tax Profit/(Loss) After Tax

Earning per Share in Rs. Dividend Rate (%)

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

Item Code No. (ITC Code)

Product Description DTH Services, Trading & Transponder Teleport Activity

For and on behalf of the Board

Place : Delhi
Date : August 30, 2010

Rajendra Kumar Jagnani
Director

Mukesh Mittal
Director

Agrani Satellite Services Limited

Directors' Report

To the Members,

Your Directors take pleasure in submitting their Tenth Annual Report of the Company together with the audited Statement of Accounts for the year ended March 31, 2010.

FINANCIAL RESULTS

The operation during the year reflected the pre-operative project expenses of Rs.21,859,812 (net of recoveries) towards establishment of C-and Ku-band Telecommunication Satellite Project. Your Company is yet to start commercial operations. So far the Company has spent expenses towards the project amounting to Rs.131.11 Crores at the end of the year.

OPERATION: SATELLITE PROJECT

In view of the unfavorable market conditions and the commencement of Bankruptcy Proceedings on the Company's main service provider, it became unviable to continue with the satellite operations of the Company therefore your Directors have resolved that the satellite business of the Company be discontinued with effect from March 31, 2010.

CORPORATE RESTRUCTURING

In terms of the Composite Scheme of Amalgamation and Arrangement between the Company, its Holding Company, Dish TV India Limited and its Fellow Subsidiary Company, Integrated Subscriber Management Services Limited (ISMSL), it is proposed to demerge the Non DTH business of Dish TV India Limited into ISMSL followed by merger of your Company with ISMSL with effect from March 31, 2010 being the appointed date. The said scheme was approved by your Directors.

The Company had filed an application with the Hon'ble High Court of Delhi. The application was duly admitted by the Hon'ble High Court of Delhi vide its order dated October 8, 2010. The final approval of the scheme is awaited and hence the Scheme is not made effective.

In view of the above stated impending Scheme of Amalgamation and arrangement, your Company had applied for and obtained the approval from the Ministry of Corporate Affairs, Office of the Registrar of Companies vide letter dated September 3, 2010 for holding the Annual General Meeting of the Company for the Financial year 2009-10 by December 31, 2010.

DIVIDEND

In view of no commercial operations, your Directors do not recommend any dividend.

FIXED DEPOSITS

The Company has not accepted any deposit within the meaning of Section 58A, from the public, and Section 58AA, from the small depositors, of the Companies Act, 1956.

PARTICULARS REGARDING CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUTGO

Information required to be provided under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 in relation to Conservation of Energy and Technology Absorption are currently not applicable to the Company and therefore particulars in connection therewith are as under:

- a) Conservation of Energy - Nil
- b) Technology Absorption - Nil

There are no Foreign Exchange Earnings during the year. Particulars of the Foreign Exchange Outgo are set out in Note No. 16 under the Notes to Financial Statement for the year ended March 31, 2010.

DIRECTORS

Your Company had appointed Mr. Mukesh Mittal and Mr. Rajendra Kumar Jagnani as Additional Directors in the category of Independent Director with effect from December 1, 2009. Mr. Mukesh Mittal and Mr. Rajendra Kumar Jagnani shall vacate the office of Director at the ensuing Annual General Meeting and have filed requisite consent to act as Directors of the Company. Notices have been received from members of the Company under Section 257 of the Companies Act, 1956 for the appointment of Mr. Mukesh Mittal and Mr. Rajendra Kumar Jagnani as Directors of the company. Appropriate resolution seeking your approval to the appointment of Mr. Mukesh Mittal and Mr. Rajendra Kumar Jagnani is appearing in the Notice convening the Tenth Annual General Meeting of the Company.

In accordance with the provisions of Section 256 of the Companies Act, 1956 and Articles of Association of the Company, Mr. Subhash Chandra, Director, is liable to retire by rotation and being eligible, offers himself for re-appointment as the Director of the Company. Your Board recommends for his re-appointment at the ensuing Annual General Meeting.

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 as amended is given in the Annexure.

Your directors place on record their appreciation for the valuable contribution made by the employees of the Company.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to provisions of Section 217(2AA) of the Companies Act, 1956, the Directors confirm that :

1. The applicable accounting standards have been followed in the preparation of the accounts of the Company and wherever required, the necessary explanations are provided in the accounts;
2. In order to give a true and fair view of the state of affairs of the Company at the year ended March 31, 2010, appropriate accounting policies have been selected and applied consistently and prudent and reasonable judgments and estimates were made;
3. For safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities, proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956;
4. The annual accounts have been prepared on a going concern basis.

AUDITORS' REPORT

Director's clarifications/explanations/comments for observation and comments referred in the Serial No. 4(a) & (b) of the Audit Report and Clause (vii) of Annexure referred to in Paragraph 3 of the Auditors' Report under Section 217(3) of the Companies Act, 1956 are as under:

Directors Comments on Serial No. 4(a) of the Auditors' Report

Item referred in Serial No. 4(a) - No provision is made for impairment of assets of Rs 13,110.76 Lacs as required by AS 28 "Impairment of Assets". Had this adjustment made, loss for the year would have been Rs 13,110.76 Lacs. This adjustment is not made on the ground that upon the Composite Scheme of Amalgamation and Arrangement becoming effective on appointed date i. e. March 31, 2010, the Company shall be merged with Integrated Subscriber Management Services Limited as reported in Note No 11.

Our Explanation

In view of the pending approval of the Scheme of Amalgamation and Arrangement, your Company had not made any provision for impairment of Assets in anticipation of the scheme becoming effective w.e.f. the appointed date i.e. March 31, 2010, post which the company shall be merged with ISMSL.

Directors Comments on Serial No. 4(b) of the Auditors' Report

Item referred in Serial No. 4(b) - These financial statements are prepared on going concern assumption inspite of discontinuation of satellite business and erosion of net worth after considering the effect of audit qualification as referred to Para 4(a) above. The Company has not made adjustment in financial statements relating to recoverability of recorded assets amount and in respect of liability as might be necessary for compilation when the Company is no longer a going concern. The effect on net worth of the Company is unascertained.

Our Explanation

Since the Composite Scheme of Amalgamation and Arrangement between the Company, its Holding Company, Dish TV India Limited and its Fellow Subsidiary Company, Integrated Subscriber Management Services Limited (ISMSL) is pending final approval from the Hon'ble High Court of Delhi, the effect of the same has yet not been given.

Directors Comments on Clause (vii) of Annexure of the Auditors' Report

Item at Clause No. (vii) – The Company did not have any internal audit system during the year.

Our Explanation

Your Company has not started any commercial operations.

Agrani Satellite Services Limited

AUDITORS

M/s. MGB & Co. Chartered Accountants, Delhi, the Statutory Auditors of the Company will hold office until the conclusion of the ensuing Annual General Meeting and being eligible, are being proposed 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(1B) of the Companies Act, 1956.

Your Board has recommended to the members for re-appointment of M/s. MGB & Co. as the Auditors at the ensuing Annual General Meeting.

ACKNOWLEDGEMENT

Your Directors wish to place on record their gratitude for the support extended by all and look forward to the continued co-operation.

For and on behalf of the Board

Place : Delhi
Date : October 22, 2010

Rajendra Kumar
Director

Jagnani Mukesh Mittal
Director

ANNEXURE TO THE DIRECTORS' REPORT

Information pursuant to Section 217(2A) of the Companies Act, 1956 and the Companies (Particulars of the Employees) Rules, 1975 forming part of the Directors' Report for the year ended March 31, 2010.

A. Employed throughout the financial year and in receipt of remuneration aggregating not less than Rs. 24,00,000/- per annum.

-----Nil-----

B. Employed for the part of the year under review and were in receipt of remuneration for any part of the year at the rate which in aggregate was not less than Rs. 2,00,000/- per month.

| Sr. No. | Name and Age | Designation | Remuneration (Rs.) | Qualification & Experience in Years | Date of Commencement of Employment | Particulars of Last Employment | Date of Leaving |
|---------|----------------------|--------------------------|--------------------|---|------------------------------------|--------------------------------|-----------------|
| 1 | Dr. K. S. Mohanavelu | V. P. – Space Management | Rs. 21,86,926/- | M.E. (Communication System Engineering) | March 20, 1999 | ISRO | August 31, 2009 |

Notes :

1. Appointment was contractual and terminable by notice on either side.
2. Employee is not related to any of the Directors.
3. Remuneration includes salary, allowances, Company's contribution to PF, Superannuation, Medical Benefits, Leave Travel Allowance, Accommodation and other perquisites and benefits valued on the basis of provisions of the Income Tax Act, 1961.

For and on behalf of the Board

Place : Delhi
Date : October 22, 2010

Rajendra Kumar Jagnani
Director

Mukesh Mittal
Director

Auditors' Report

To
The Members of
Agrani Satellite Services Limited

1. We have audited the attached Balance Sheet of **Agrani Satellite Services Limited**, as at March 31, 2010 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 misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' 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.
 - a) *No provision is made for impairment of assets of ₹ 13,110.76 lacs as required by AS 28 "Impairment of Assets". Had this adjustment made, loss for the year would have been ₹ 13,110.76 Lacs. This adjustment is not made on the ground that upon the Composite Scheme of Amalgamation and Arrangement becoming effective on appointed date i. e. March 31, 2010, the Company shall be merged with Integrated Subscribers Management Services Limited as reported in Note No 11.*
 - b) *These financial statements are prepared on going concern assumption inspite of discontinuation of satellite business and erosion of net worth after considering the effect of audit qualification as referred to Para 4(a) above. The Company has not made adjustment in financial statements relating to recoverability of recorded assets amount and in respect of liability as might be necessary for compilation when the Company is no longer a going concern. The effect on networth of the Company is unascertained.*
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 are 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 *except para 4 (a) above.*
 - 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, 2010, from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act;
 - f) *Subject to comment at Para 4 above* and in our opinion and to the best of our information and according to the explanations given to us, the said accounts, read together 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, 2010;
 - ii) In the case of Cash Flow Statement, of the cash flows for the year ended on that date.

L.K. Shrishrimal
Membership No.: 72664
Partner

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

Place : Delhi
Date : October 22, 2010

Agrani Satellite Services Limited

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, 2010

- (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 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 discrepancies have been noticed on such verification.
- (c) The Company has not disposed off a substantial part of the fixed assets during the year.
- (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 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 fixed assets. During the course of audit, we have not observed any major weakness in the internal control systems in the respect of the aforesaid areas.
- (v) Based on the audit procedure 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) *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, 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 31st March, 2010 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 matter pending with Sales Tax, Income Tax, Customs, Wealth Tax, Service Tax, Excise Duty and Cess authorities.
- (x) The Company has not started commercial operations hence Profit and Loss Account is not prepared. Accordingly, the requirements of clause (x) regarding reporting on cash loss incurred in the current and previous year is not applicable to the company. *Considering the audit qualification referred to in Para 4 (a) above, the networth of the company has eroded.*
- (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) 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 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 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.

L.K. Shrishimal

Membership No.: 72664

Partner

For and on behalf of

MGB & Co.

Firm Registration No.: 101169W

Chartered Accountants

Place : Delhi

Date : October 22, 2010

Agrani Satellite Services Limited

Balance Sheet as at March 31,

| | Notes | 2010 | 2009 |
|--|-------|----------------------|----------------------|
| (Currency: Indian Rupees) | | | |
| Sources of Funds | | | |
| Shareholders' Funds | | | |
| Share Capital | 3 | 944,010,040 | 944,010,040 |
| Advance Against Share Application (from holding company) | | 865,665,043 | 630,003,230 |
| Total | | <u>1,809,675,083</u> | <u>1,574,013,270</u> |
| Application of Funds | | | |
| Fixed Assets | | | |
| Gross Block | 4 | 3,435,325 | 5,285,064 |
| Less: Depreciation/Amortization | | 1,724,598 | 3,094,111 |
| Net Block | | 1,710,727 | 2,190,953 |
| Pre-operative Project expenses | | 1,311,076,115 | 1,289,216,301 |
| | | <u>1,312,786,842</u> | <u>1,291,407,254</u> |
| Current Assets, Loans and Advances | | | |
| Cash and Bank Balances | 5 | 13,150,090 | 233,075,166 |
| Loans and Advances | 6 | 2,030,169,154 | 1,428,361,322 |
| | | <u>2,043,319,244</u> | <u>1,661,436,488</u> |
| Less: Current Liabilities and Provisions | | | |
| Current Liabilities | 7 | 1,546,062,880 | 1,375,350,767 |
| Provisions | | 368,123 | 3,479,705 |
| | | <u>1,546,431,003</u> | <u>1,378,830,472</u> |
| Net Current Assets | | 496,888,241 | 282,606,016 |
| TOTAL | | <u>1,809,675,083</u> | <u>1,574,013,270</u> |
| The accompanying notes form an integral part of these financial statements | | | - |

As per our attached report of even date

L. K. Shrishrimal
Partner

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

Place : Delhi

Dated : October 22, 2010

For and on behalf of the Board

Rajendra Kumar Jagnani
Director

Mukesh Mittal
Director

Notes to Financial Statements for the year ended March 31,

(Currency: Indian Rupees)

| | 2010 | 2009 |
|---|----------------------|---------------|
| 3. Share Capital Authorized 100,000,000 Equity Shares of ₹ 10 each | 1,000,000,000 | 1,000,000,000 |
| Issued, Subscribed and Paid-up 94,401,004 Equity Shares of ₹ 10 each fully paid up (All the above equity shares are held by the holding company, Dish TV India Limited and its nominees) | 944,010,040 | 944,010,040 |
| TOTAL | 944,010,040 | 944,010,040 |

4. FIXED ASSETS (At Cost)

| Particulars | GROSS BLOCK | | | DEPRECIATION / AMORTIZATION | | | | NET BLOCK | | |
|-----------------------------|---------------------|-----------|------------------|-----------------------------|---------------------|----------------|------------------|----------------------|----------------------|----------------------|
| | As at April 1, 2009 | Additions | Sale/ Adjustment | As at March 31, 2010 | Up to April 1, 2009 | For the Year | Sale/ Adjustment | Up to March 31, 2010 | As at March 31, 2010 | As at March 31, 2009 |
| Computers | 2,179,315 | - | 1,390,401 | 788,914 | 1,998,902 | 14,729 | 1,321,158 | 692,473 | 96,441 | 180,413 |
| Office Equipments | 2,871,414 | - | 459,338 | 2,412,076 | 974,219 | 120,864 | 196,775 | 898,308 | 1,513,768 | 1,897,195 |
| Furniture and Fixtures | 234,335 | - | - | 234,335 | 120,990 | 12,827 | - | 133,817 | 100,518 | 113,345 |
| Vehicles | - | - | - | - | - | - | - | - | - | - |
| Leasehold Improvements | - | - | - | - | - | - | - | - | - | - |
| Total Current Period | 5,285,064 | - | 1,849,739 | 3,435,325 | 3,094,111 | 148,420 | 1,517,933 | 1,724,598 | 1,710,727 | 2,190,953 |
| Previous Year | 5,620,478 | 59,565 | 394,979 | 5,285,064 | 3,174,891 | 253,782 | 334,562 | 3,094,111 | 2,190,953 | 2,445,587 |

| | 2010 | 2009 |
|---|----------------------|---------------|
| 5. Cash and Bank Balances | | |
| Cash in Hand | - | 37,818 |
| Balance with Scheduled Banks: | | |
| In Current Account | 321,002 | 220,303,530 |
| In Short term Deposit Account | 993,643 | 973,172 |
| In Deposit Account # (# Pledged with banks against guarantees given) | 10,000,000 | 11,760,646 |
| Cheques in Hand | 1,835,445 | - |
| TOTAL | 13,150,090 | 233,075,166 |
| 6. Loans and Advances (Unsecured, considered good unless otherwise stated) | | |
| Inter Corporate Loans | 431,018,492 | 15,802,053 |
| Tax Advances | 29,021,997 | 725,820 |
| Other Advances | 1,570,128,665 | 1,411,833,449 |
| TOTAL | 2,030,169,154 | 1,428,361,322 |
| 7. Current Liabilities and Provisions | | |
| Current Liabilities | | |
| Creditors for Expenses and Other Liabilities * | 7,996,458 | 3,253,673 |
| Trade Advances Received | 1,538,066,422 | 1,372,097,094 |
| (* Includes Nil dues towards Micro, Small and Medium Enterprises Development Act, 2006) | | |
| | 1,546,062,880 | 1,375,350,767 |
| Provisions | | |
| For Retirement Benefits | - | 1,013,742 |
| For Fringe Benefit Tax | 552 | 16,692 |
| For Taxation | 367,571 | 2,449,271 |
| | 368,123 | 3,479,705 |
| TOTAL | 1,546,431,003 | 1,378,830,472 |

Agrani Satellite Services Limited

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

(Currency: Indian Rupees)

1. Background

Agrani Satellite Services Limited ('ASSL' or "the Company") is promoted by and is a wholly-owned subsidiary of Dish TV India 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 was promoting the project and hence no profit and loss account is prepared. Due to unfavorable market conditions, the Board of Directors in its meeting held on March 31, 2010 decided to discontinue its satellite business.

2. Significant Accounting Policies

(a) Accounting Convention

- (i) The Company follows mercantile system of accounting and recognizes 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 capitalized 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 period 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. Monetary 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 period.
- (ii) Deferred Tax is recognized, subject to consideration of prudence, on timing differences, being the difference between taxable income that originate in one period and are capable of reversal in one or more subsequent periods and measured using relevant enacted tax rates

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

(Currency: Indian Rupees)

8. Going Concern

Due to unfavorable market conditions, the Board of Directors in its meeting held on March 31, 2010 decided to discontinue its satellite business. Further the Company has filed a Composite Scheme of Amalgamation and Arrangement pursuant to which, upon the Scheme becoming effective, the Company shall be merged with Integrated Subscribers Management Services Limited (ISMSL) with appointed date March 31, 2010. The Scheme is yet to be approved by the statutory authorities. As envisaged in the Scheme, upon the Scheme becoming effective, the Company will be merged with ISMSL and hence pending approval, the financial statements have been prepared on going concern basis.

9. Taxes on Income

- a) Provision for Income Tax is made 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 recognized 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 period 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 there are no reportable business segments. There are no geographical segments as there are no exports.

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

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

Upon the Scheme becoming effective, the entire equity share capital of ASSL on the appointed date i. e. March 31, 2010 held by Dish TV shall be transferred to and vested in ISMSL. Thereafter on the appointed date, the entire business and whole of the undertaking of ASSL including all assets and liabilities, rights, licenses, regulatory permissions, etc. shall be transferred to and vested in ISMSL.

Upon the Scheme becoming effective, ASSL shall become a wholly-owned subsidiary of ISMSL and since ISMSL is not permitted to issue shares to itself under the provisions of the Companies Act, 1956, no new shares shall be issued or allotted by ISMSL, as consideration of amalgamation of ASSL.

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

12. Pre-operative project expenses

The Company was implementing the satellite services project and accordingly the main activities of the Company during the period have been to implement the project. Hence, all the expenses were for implementing the satellite project and taken to pre-operative expenses.

Agrani Satellite Services Limited

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

(Currency: Indian Rupees)

Statement of pre-operative expenses as at March 31, 2010:

| Particulars | 2009-2010 | 2008-2009 |
|--|----------------------|----------------------|
| Expenditure upto Previous Period | 1,289,216,301 | 1,280,271,321 |
| Salary and Allowances | 3,839,740 | 8,282,908 |
| Contribution to Provident and other funds | 92,873 | 215,141 |
| Staff Welfare Expenses | 40,577 | 142,639 |
| Rent | 194,208 | 460,294 |
| Rates and Taxes | 15,596 | 108,387 |
| Insurance | 1,600 | 43,713 |
| Communication expenses | 88,609 | 157,040 |
| Electricity charges | 44,223 | 87,809 |
| Printing and Stationery | 41,392 | 93,711 |
| Repair and Maintenance – Others | 41,329 | 4,316 |
| Legal and Professional Expenses | 1,221,501 | 1,243,944 |
| Travelling and Conveyance Expenses | 191,108 | 1,632,063 |
| Depreciation | 148,420 | 253,782 |
| Loss on sale/discard of fixed assets | 325,856 | 39,017 |
| Miscellaneous Expenses (Net) | 1,317,717 | 1,282,421 |
| Remuneration to Auditors | | |
| For Audit fees | 110,300 | 145,050 |
| For other matters | 100,373 | 28,678 |
| Interest Expenses (includes Interest reimbursed to Holding Company of earlier period ₹ 22,849,593) | 245,823,909 | 10,636,172 |
| Other Financial Charges | 1,532,943 | 2,014,953 |
| Business Promotion Expenses | - | 50,804 |
| Provision for Fringe Benefit Tax | - | 126,854 |
| Provision for Income Tax | - | 7,992,872 |
| | 1,544,388,575 | 1,315,313,889 |
| Less: Interest received [TDS ₹ 22,373,494 (₹ 5,413,619)] | 223,409,742 | 26,097,588 |
| Less: Liability Written Back | 1,909,846 | - |
| Less: Excess Provision for Previous Year Income Tax written back | 7,992,872 | - |
| Total | 1,311,076,115 | 1,289,216,301 |

13. Related Party Disclosures:

List of parties where control exists:

(a) Holding Company

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

(b) Other Related Party

- ASC Telecommunication Limited
- Pan India Network Private Limited
- Prajatma Trading Co. Private Limited
- Churu Trading Co. Private Limited

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

(Currency: Indian Rupees)

(c) **Key Management Personnel (Directors):**

Shri Subhash Chandra
 Shri Punit Goenka (up to 10.12.2009)
 Shri K. Narayanan
 Shri Rajendra Kumar Jagnani (w.e.f. 10.12.2009)
 Shri Mukesh Mittal (w.e.f. 10.12.2009)

Transaction with related parties:

(Amount in ₹)

| Particulars | Holding Company (2009-2010) | Holding Company (2008-2009) | Other Related Parties (2009-2010) | Others Related Parties (2008- 2009) |
|--|--------------------------------|--------------------------------|--------------------------------------|--|
| Advance Against Share application money Received | | | | |
| Dish TV India Limited | 260,789,267 | 112,096,000 | | |
| Interest Received | | | | |
| Prajatma Trading Co. Private Limited | | | - | 2,311,644 |
| Churu Trading Co. Private Limited | | | 222,974,316 | 1,815,068 |
| Pan India Network Private Limited | | | - | 20,139,134 |
| Interest Paid / Reimbursed | | | | |
| Dish TV India Limited | 245,823,909 | 10,636,172 | | |
| Sharing Of Expenses (Personnel / Administrative Expenses) | | | | |
| ASC Telecommunication Limited | | | 3,171,647 | 6,684,902 |
| Advances Received | | | | |
| Dish TV India Limited | - | 1,647,400,000 | | |
| Repayment Advances Received | | | | |
| Dish TV India Limited | 5,000,000 | 277,300,000 | | |
| Unsecured Loans/Advances Given | | | | |
| Prajatma Trading Co. Private Limited | | | - | 332,500,000 |
| Pan India Network Private Limited | | | - | 248,391,000 |
| Churu Trading Co. Private Limited | | | 470,000,000 | 1,617,400,000 |
| Share application money refunded | | | | |
| Dish TV India Limited | 90,000,000 | 123,500,000 | | |
| Payment against Sharing of Expenses | | | | |
| ASC Telecommunication Limited | | | 2,350,000 | 8,400,000 |
| Repayment of Loan/Advances | | | | |
| Prajatma Trading Co. Private Limited | | | 1,835,445 | 332,500,000 |
| Pan India Network Private Limited | | | - | 248,391,000 |
| Churu Trading Co. Private Limited | | | 95,000,000 | 207,400,000 |

Agrani Satellite Services Limited

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

(Currency: Indian Rupees)
(Amount in ₹)

Balance Outstanding as on March 31, 2010

| Particulars | Holding Company (2009-2010) | Holding Company (2008-2009) | Other Related Parties (2009-2010) | Others Related Parties (2008- 2009) |
|--|--------------------------------|--------------------------------|--------------------------------------|--|
| Advance Against Share Application Money | | | | |
| Dish TV India Limited | 865,665,043 | 630,003,230 | | |
| Trade Advances Received | | | | |
| Dish TV India Limited | 1,538,066,423 | 1,372,097,094 | | |
| Creditor | | | | |
| ASC Telecommunication Limited | | | 1,112,100 | 290,453 |
| Unsecured Loans/Advances Given | | | | |
| Prajatma Trading Co. Private Limited | | | - | 1,835,445 |
| Pan India Network Private Limited | | | 13,966,608 | 13,966,608 |
| Churu Trading Co. Private Limited | | | 1,987,118,049 | 1,411,441,164 |

Also refer Note 14 (a) (ii) for guarantees provided by related parties.

14. Employee Benefit:

(Amount in ₹)

| Defined Benefit plans: | Gratuity | Leave Encashment | Gratuity | Leave Encashment |
|--|--------------|---------------------|---------------|---------------------|
| | Non Funded | | | |
| | March 2010 | | March 2009 | |
| I. Expenses recognized during the period ended | | | | |
| 1) Current Service Cost | 1,082 | 337,829 | 83,842 | 152,915 |
| 2) Interest Cost | - | - | 48,111 | 64,774 |
| 3) Actuarial Losses/(Gains) | - | - | (33,729) | (57,352) |
| 4) Expected return on plan asset | - | - | (31,500) | - |
| Total Expenses | 1,082 | 337,829 | 66,724 | 160,337 |
| II. Net Asset/(Liability) recognized in the Balance Sheet as at March 31, 2010 | | | | |
| 1) Present value of defined benefit obligation | - | - | 3,260 | 1,010,482 |
| 2) Net Asset/(Liability) | - | - | (3,260) | (1,010,482) |
| III. Reconciliation of Net Asset/(Liability) recognized in the Balance Sheet during the year ended March 31, 2010 | | | | |
| 1) Net Asset/(Liability) at the beginning of period | (3,260) | (1,010,482) | (646,032) | (877,168) |
| 2) Expense as per I above | (1,082) | (337,829) | (66,724) | (160,337) |
| 3) Employer contributions | 4,342 | 1,348,311 | 709,496 | (27,023) |
| 4) Net Asset/(Liability) at the end of the period | - | - | (3,260) | (1,010,482) |
| IV. Actuarial Assumptions: | | | | |
| 1) Discount rate | | - | | 6.50% |
| 2) Expected rate of salary increase | | - | | 5.00% |
| 3) Mortality | | - | | LIC (1994-96) Ult |

Note:

- Amounts recognized as an expense excluding shared costs and included in the Schedule 11 are gratuity ₹ 1,082 (₹ 66,724) and Leave Encashment ₹ 337,829 (₹ 160,337).
- 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.
- Defined contribution plan:**
Amount recognized as an expense excluding shared costs and included in the Schedule 11 – Pre-operative Expenses under the head of “Contribution to Provident and other funds” of ₹ 92,873 (₹ 215,141).
- As at Balance Sheet date there are no employees with the company hence no actuarial valuation required.

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

(Currency: Indian Rupees)

15. Miscellaneous

- | | <u>31.03.2010</u> | <u>31.03.2009</u> |
|--|-------------------|-------------------|
| a) i) Contingent Liabilities not provided for | | |
| Guarantees given by Bank on our behalf | ₹ Nil | ₹ 102,000,000 |
| ii) The company had entered into a Satellite Capacity Agreement with a supplier for obtaining transponder on a satellite. The holding company viz. Dish TV India Limited provided a guarantee for performance of the terms and conditions of the Agreement. However as the supplier failed to meet various obligations under the Agreement, the Company terminated the Agreement. The Supplier disputed the said termination and initiated arbitration proceedings against the Company in ICC International Court of Arbitration at Singapore by filing its claim of USD 190,630,000. This was contested by the Company. Subsequent to balance sheet date, both the parties have reached at an amicable settlement and consequently, the arbitral proceedings shall be terminated in due course. | | |
| b) The Company has yet to appoint a Managing Director as required under Section 269 of the Companies Act, 1956. | | |
| c) The Company has constituted an audit committee of its Board of Directors on 01.12.2009 as required under Section 292A of the Companies Act, 1956. | | |
| d) During the period, 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 ₹ 865,665,043 (₹ 630,003,230) received 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) Trade Advances under the head Current Liabilities includes ₹ 1,538,066,423 (₹ 1,372,097,094) paid by Holding Company for giving it to other related party for arranging Security for loan availed from Bank under an agreement. ₹ 1,570,066,165 (₹ 1,411,441,164) given is included in other advances in Current Assets. | | |
| h) The Ministry of Corporate Affairs, Government of India vide letter dated has granted extension of three months to hold its annual general meeting. | | |
| i) Previous year's figures have been regrouped, rearranged and reconsidered wherever considered necessary. Figures in brackets pertain to previous year. | | |

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

| | | |
|--|-------------|------------|
| Expenditure in Foreign Currency (on payment basis) (Includes expenditure directly incurred and excludes shared costs) | | |
| Miscellaneous Expenses (ITU Filing Charges) | ₹ 1,136,250 | (₹990,544) |
| Travelling and Conveyance | ₹ Nil | (₹122,027) |

As per our attached report of even date

For and on behalf of the Board

L. K. Shrishrimal
Partner

Rajendra Kumar Jagnani
Director

Mukesh Mittal
Director

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

Place : Delhi

Dated : October 22, 2010

Agrani Satellite Services Limited

Cash Flow Statement for the year ended March 31,

(Currency: Indian Rupees)

| | 2010 | 2009 |
|---|----------------------|----------------------|
| A. CASH FLOW FROM OPERATING ACTIVITIES | | |
| Net Profit/(Loss) before taxation | - | - |
| Net Cash Flow from/(used in) Operating Activities | - | - |
| B. CASH FLOW FROM INVESTING ACTIVITIES | | |
| Direct Taxes Paid (Net) | (22,401,147) | (6,068,311) |
| Purchases of Fixed Assets | - | (59,565) |
| Proceeds from Sale of Fixed Assets | 5,950 | 21,400 |
| Loan Given | (470,000,000) | (598,302,053) |
| Repayment of Loan Given | 96,835,445 | 582,500,000 |
| Decrease in Advances and Deposit Given | 329,784 | (1,411,156,384) |
| Increase / (Decrease) in Creditors and Other Liabilities | 3,729,043 | 1,647,650,382 |
| (Increase) / Decrease in Preoperative Project Expenses | 5,786,583 | (1,041,914) |
| Net Cash used in Investing Activities | (385,714,342) | 213,543,555 |
| C. CASH FLOW FROM FINANCING ACTIVITIES | | |
| Proceeds from Share Application Money | 260,789,266 | 120,149,946 |
| Repayment of Loan Received | (5,000,000) | (277,300,000) |
| Refund of Share Application Money received | (90,000,000) | (123,500,000) |
| Net Cash Flow from Financing Activities | 165,789,266 | (280,650,054) |
| Net Increase (Decrease) in Cash or Cash Equivalents (A+B+C) | (219,925,076) | (67,106,499) |
| Cash and Cash Equivalents at the beginning of the year | 233,075,166 | 300,181,665 |
| Cash and Cash Equivalents at the end of the year | 13,150,090 | 233,075,166 |
| Cash and Cash Equivalents at the end of the year comprises of: | | |
| Cash in Hand | - | 37,818 |
| Balances with Scheduled Banks in Current Accounts | 321,002 | 220,303,530 |
| Balances with Scheduled Banks in Deposit Accounts (Pledge with Banks) | 10,000,000 | 11,760,646 |
| Balances with Scheduled Banks in Short Term Deposits | 993,643 | 973,172 |
| Cheques in Hand | 1,835,445 | - |
| Total Cash and Cash Equivalents | 13,150,090 | 233,075,166 |
| Notes : | | |
| Previous year's figures have been regrouped, rearranged and recasted wherever considered necessary. | | |

As per our attached report of even date

L. K. Shrishrimal
Partner

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

Place : Delhi
Dated : October 22, 2010

For and on behalf of the Board

Rajendra Kumar Jagnani
Director

Mukesh Mittal
Director

Balance Sheet Abstract and Company's General Business Profile

I. REGISTRATION DETAILS U 6 4 2 0 1 D L 2 0 0 0 P L C 1 0 6 5 5 3

Registration No. State Code

Balance Sheet Date
Day Month Year

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

Public Issue Rights Issue

Bonus Issue Private Placement

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

Total Liabilities Total Assets

SOURCES OF FUNDS

Paid-up Capital Reserves & Surplus

Secured Loans Unsecured Loans

Deferred Tax Liability Share Application Money

APPLICATION OF FUNDS

Net Fixed Assets Investments

Net Current Assets Miscellaneous Expenditure

Accumulated Loss Deferred Tax Assetx

IV. PERFORMANCE OF COMPANY (RUPEES IN THOUSANDS)

Turnover Total Expenditure

Profit/(Loss) Before Tax Profit/(Loss) After Tax

Earning per Share (Rs.) Dividend Rate (%)

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

Item Code No. (ITC Code)

Product Description Satellite Services

For and on behalf of the Board

Rajendra Kumar Jagnani
Director

Mukesh Mittal
Director

Place : Delhi
Date : October 22, 2010

Integrated Subscriber Management Services Limited

Directors' Report

To the Members,

Your Directors take pleasure in presenting the Ninth Annual Report together with the Audited Statement of Accounts of the Company for the year ended March 31, 2010.

FINANCIAL RESULTS AND OPERATIONS

The Financial Performance of your Company for the year ended March 31, 2010 is summarized below:

| | (Amount in thousands) | |
|--------------------------------|-----------------------|-----------------|
| | FY 09-10 | FY 08-09 |
| Total Income | 1,012,702 | 975,103 |
| Total expenses | 1,019,141 | 1,008,292 |
| Profit/(Loss) before Tax | (6,439) | (33,189) |
| Provision for Taxation (net) | (5,817) | (1,569) |
| Profit/(Loss) after Tax | (621) | (31,620) |
| Add: Balance brought forward | (33,812) | (2,192) |
| Balance carried forward | (34,434) | (33,812) |

DIVIDEND

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

DIRECTORS

Your Company had appointed Mr. Rajendra Kumar Jagnani and Mr. Subhash Chand Garg as Additional Directors in the category of Independent Director with effect from October 22, 2009 and April 1, 2010 respectively. Mr. Rajendra Kumar Jagnani and Mr. Subhash Chand Garg shall vacate the office of Director at the ensuing Annual General Meeting and have filed requisite consent to act as Directors of the Company. Notices has been received from members of the Company under Section 257 of the Companies Act, 1956 for the appointment of Mr. Rajendra Kumar Jagnani and Mr. Subhash Chand Garg as Directors of the Company. Appropriate resolution seeking your approval to the appointment of Mr. Rajendra Kumar Jagnani and Mr. Subhash Chand Garg is appearing in the Notice convening the Ninth Annual General Meeting of the Company.

In accordance with the provisions of Section 256 of the Companies Act, 1956 and Article 92 of Articles of Association of the Company, Mr. Mukesh Mittal, 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-appointment.

CORPORATE RESTRUCTURING

In terms of the Composite Scheme of Amalgamation and Arrangement between the Company, Dish TV India Limited (Dish TV) (Holding Company) and Agrani Satellite Services Limited (ASSL) (fellow subsidiary company), it is proposed to demerge the Non DTH business of Dish TV into the company, followed by merger of ASSL with the Company with effect from March 31, 2010 being the appointed date. The said scheme was approved by your Directors in order to simplify the group structure and improve cost efficiency.

The Company has filed an application with the Hon'ble High Court of Delhi. The application was duly admitted by the Hon'ble High Court of Delhi vide its order dated October 08, 2010. The final approval is awaited and hence the Scheme is not made effective.

In view of the above stated impending Scheme of Amalgamation and Arrangement, your Company had applied for and obtained the approval from the Ministry of Corporate Affairs, Office of the Registrar of Companies vide letter dated July 30, 2010 for holding the Annual General Meeting of the Company for the Financial year 2009-10 by December 31, 2010.

AUDITORS

M/s. S. K. & Co., Chartered Accountants, Delhi, the Statutory Auditors of the Company will hold office until the conclusion of the ensuing Annual General Meeting and being eligible, are being proposed 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(1B) of the Companies Act, 1956.

Directors' Report

Your Board has recommended to the members for re-appointment of M/s. S. K. & Co., Chartered Accountants as the Auditors at the ensuing Annual General Meeting.

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 financial year 2009-10, 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 as amended is given in the Annexure.

Your directors place on record their appreciation for the valuable contribution made by the employees of the Company.

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

Information required to be provided under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 in relation to Conservation of Energy and Technology Absorption are currently not applicable to the Company and therefore particulars in connection therewith are as under:

- a) Conservation of Energy - Nil
- b) Technology Absorption - Nil

Particulars of foreign currency earnings and outgo during the year are given in point 6(a) of Part B in Schedule 13 to the Notes to the Account forming part of the Annual Report.

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

Mukesh Mittal
Director

Rajendra Kumar Jagnani
Director

Integrated Subscriber Management Services Limited

Place : Delhi
Date : October 23, 2010

ANNEXURE TO THE DIRECTORS' REPORT

Information pursuant to Section 217(2A) of the Companies Act, 1956 and the Companies (Particulars of the Employees) Rules, 1975 forming part of the Directors' Report for the year ended March 31, 2010.

1. Employed throughout the financial year and in receipt of remuneration aggregating not less than Rs. 24,00,000/- per annum.
--- NIL ---
2. Employed for the part of the year under review and were in receipt of remuneration for any part of the year at the rate which in aggregate was not less than Rs. 2,00,000/- per month.

| Sr. No. | Name and Age | Designation | Remuneration | Qualification & Experience in Years | Date of Commencement of Employment | Particulars of Last Employment | Date of Leaving |
|---------|--------------|------------------------------------|------------------------|--|------------------------------------|--------------------------------|-----------------|
| 1 | Puneet Arora | Deputy Vice President - Operations | Rs. 2,33,333 per month | ✓ Diploma in Export Management from Foreign Trade Development Centre ✓ B.A. Honours Economics | 02.03.2010 | Sparsh BPO Services | NA |

Notes:

1. Appointment was contractual and terminable by notice on either side.
2. Employee is not related to any of the Directors.
3. Remuneration includes salary, allowances, Company's contribution to PF, Superannuation, Medical Benefits, Leave Travel Allowance, Accommodation and other perquisites and benefits valued on the basis of provisions of the Income Tax Act, 1961.

For and on behalf of the Board

Mukesh Mittal
Director

Rajendra Kumar Jagnani
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 31st March, 2010, 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 paragraph 4 and 5 of the said order.
3. We draw attention to note 13(B)(2) to the financial statements on the composite scheme of Amalgamation and Arrangement (The Scheme) effective on appointed date i.e. March 31, 2010. Since the Scheme is yet to be approved by the shareholders, creditors and the court. Hence effect of the Scheme is not taken in these financial statements.
4. 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 31st March, 2010 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2010 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 13 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 31st March, 2010
 - 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 the Cash Flow Statement, of the cash flows for the year ended on that date.

For S.K. & Co.

Chartered Accountants

Firm Registration No. 09764N

S. K. Agarwal, FCA

M.No.: 087927

Place : New Delhi

Date : October 23, 2010

Integrated Subscriber Management Services Limited

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 31st March, 2010.

- (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) During the year, there was no disposal of substantial part of fixed assets.
- (ii) (a) The stock of Inventories has been physically verified at reasonable intervals by the management.
- (b) In our opinion and according to the information and explanations given to us, the procedures for physical verification of inventories followed by the management is reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company has maintained proper records of inventories and no discrepancies were noticed on physical verification as compared with the book records.
- (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, and for the 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 Company has an internal audit system, which, in our opinion is commensurate with its size and the nature of its business.
- (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, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Custom Duty, Excise Duty, Cess and Other Statutory Dues, wherever applicable with appropriate authorities.
- (b) According to the information and explanation given to us, no undisputed amounts payable in respect of Income Tax, Wealth Tax, Sales Tax, Custom Duty, Excise Duty and Cess were outstanding as at 31st March, 2010 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, Custom Duty, Wealth Tax, Excise Duty and Cess which have not been deposited on account of any dispute.
- (x) There is an amount of Rs. 40,341,217/- (Previous Year Rs. 39,719,856/-) towards accumulated losses of the company as at 31st March, 2010. However, the Company has not incurred Cash losses during the current 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. 713,716/- (Previous Year Rs. 1,032,930/-) 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 the no fund raised on short term basis have been used for long term investment and vice versa.
- (xvii) 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.

For S.K. & Co.

Chartered Accountants
Firm Registration No. 09764N

S. K. Agarwal, FCA

M.No.: 087927

Place : New Delhi

Date : October 23, 2010

Integrated Subscriber Management Services Limited

Balance Sheet as at March 31,

(Currency: Indian Rupees)

| | Schedule | 2010 | 2009 |
|--|----------|----------------------|----------------------|
| SOURCES OF FUNDS | | | |
| Shareholders' Fund | | | |
| Share Capital | 1 | 500,000 | 500,000 |
| LOAN FUNDS | | | |
| Secured Loans | 2 | 713,716 | 1,032,930 |
| DEFERRED TAX LIABILITY [Refer Note 3(b)] | | - | 5,817,386 |
| TOTAL | | <u>1,213,716</u> | <u>7,350,316</u> |
| APPLICATION OF FUNDS | | | |
| Fixed Assets | | | |
| Gross Block | 3 | 1,362,837,438 | 1,082,108,461 |
| Less: Depreciation | | 468,940,774 | 279,931,546 |
| Net Block | | <u>893,896,664</u> | <u>802,176,915</u> |
| Capital Work-in-Progress | | 10,222,135 | 95,035,296 |
| | | <u>904,118,799</u> | <u>897,212,211</u> |
| CURRENT ASSETS, LOANS & ADVANCES | | | |
| Inventories | 4 | - | 1,221,290 |
| Sundry Debtors | | 11,939,464 | 10,899,143 |
| Cash and Bank Balances | | 114,222,118 | 31,375,805 |
| Loans and Advances | | 80,152,189 | 67,455,783 |
| | | <u>206,313,771</u> | <u>110,952,021</u> |
| Less: CURRENT LIABILITIES & PROVISIONS | | | |
| Current Liabilities | 5 | 1,141,314,450 | 1,028,845,555 |
| Provisions | | 8,245,621 | 11,688,217 |
| | | <u>1,149,560,071</u> | <u>1,040,533,772</u> |
| Net Current Assets | | <u>(943,246,300)</u> | <u>(929,581,751)</u> |
| Profit and Loss Account | 6 | 40,341,217 | 39,719,856 |
| TOTAL | | <u>1,213,716</u> | <u>7,350,316</u> |
| Significant Accounting Policies and Notes to Accounts | 13 | | |

As per our attached report of even date

For S. K. & Co.
Chartered Accountants
Firm Registration No.: 09764N

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

Place : New Delhi
Date : October 23, 2010

For and on behalf of the Board

Mukesh Mittal
Director

Rajendra Kumar Jagnani
Director

Profit & Loss Account for the year ended March 31,

(Currency: Indian Rupees)

| | Schedule | 2010 | 2009 |
|--|----------|----------------------|----------------------|
| INCOME | | | |
| Direct Revenue | 7 | 1,001,981,456 | 974,951,002 |
| Other Income | 8 | 10,720,857 | 152,212 |
| TOTAL | | 1,012,702,313 | 975,103,214 |
| EXPENDITURE | | | |
| Operating Expenses | 9 | 647,858,673 | 656,862,010 |
| Personnel Cost | 10 | 117,429,601 | 149,527,518 |
| Administrative and Other Expenses | 11 | 64,341,977 | 48,489,872 |
| Financial Expenses | 12 | 153,594 | 18,892,931 |
| Depreciation | | 189,357,215 | 134,519,428 |
| TOTAL | | 1,019,141,060 | 1,008,291,759 |
| PROFIT/(LOSS) BEFORE TAX | | (6,438,747) | (33,188,545) |
| Less: Provision for Taxation | | | |
| - Deferred Tax | | (5,817,386) | (2,068,534) |
| - Fringe Benefit Tax | | - | 499,754 |
| PROFIT/(LOSS) AFTER TAX | | (621,361) | (31,619,765) |
| BALANCE BROUGHT FORWARD | | (33,812,230) | (2,192,465) |
| BALANCE CARRIED TO BALANCE SHEET | | (34,433,591) | (33,812,230) |
| Basic and diluted Earning Per Share (EPS) (in rupees) | | (12.43) | (632.40) |
| Significant Accounting Policies and Notes to Accounts | 13 | | |

As per our attached report of even date

For S. K. & Co.
Chartered Accountants
Firm Registration No.: 09764N

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

Place : New Delhi
Date : October 23, 2010

For and on behalf of the Board

Mukesh Mittal
Director

Rajendra Kumar Jagnani
Director

Integrated Subscriber Management Services Limited

Schedules forming part of the Balance Sheet as at March 31,

(Currency: Indian Rupees)

SCHEDULE 1

Share Capital

Authorised

50,000 Equity Share of Rs.10/- each

TOTAL

Issued, Subscribed and Paid-up

50,000 Equity Share of Rs.10/- each fully paid up

All the equity is held by the holding company viz. Dish TV India Ltd.

(Previously known as ASC Enterprises Ltd.) and its nominees.

TOTAL

SCHEDULE 2

Secured Loans

Kotak Mahindra Bank

Secured against hypothecation of vehicle

TOTAL

SCHEDULE 3

Fixed Assets (at Cost)

| Description | Gross Block | | | | Depreciation | | | | Net Block | |
|------------------------|----------------------|--------------------|----------------|----------------------|---------------------|--------------------|----------------|----------------------|----------------------|----------------------|
| | As at 1-Apr-2009 | Additions | Deductions | As at 31-Mar-2010 | Up to 1-Apr-2009 | For the Year | Deductions | Up to 31-Mar-2010 | As at 31-Mar-2010 | As at 31-Mar-2009 |
| Tangible Assets | | | | | | | | | | |
| Plant and Machinery | 998,734,040 | 281,337,807 | - | 1,280,071,847 | 272,256,338 | 182,428,569 | - | 454,684,907 | 825,386,940 | 726,477,702 |
| Office Equipments | 31,640,791 | 50,344 | - | 31,691,135 | 2,266,623 | 1,473,951 | - | 3,740,574 | 27,950,561 | 29,374,168 |
| Furniture and Fixture | 10,955,696 | 38,272 | - | 10,993,968 | 1,091,591 | 837,905 | - | 1,929,496 | 9,064,472 | 9,864,105 |
| Vehicles | 2,126,736 | - | 697,446 | 1,429,290 | 349,000 | 146,674 | 347,987 | 147,687 | 1,281,603 | 1,777,736 |
| Leasehold Improvement | 38,651,198 | - | - | 38,651,198 | 3,967,994 | 4,470,116 | - | 8,438,110 | 30,213,088 | 34,683,204 |
| TOTAL | 1,082,108,461 | 281,426,423 | 697,446 | 1,362,837,438 | 279,931,546 | 189,357,215 | 347,987 | 468,940,774 | 893,896,664 | 802,176,915 |
| Previous Year | 632,573,119 | 449,535,342 | - | 1,082,108,461 | 145,412,118 | 134,519,428 | - | 279,931,546 | 802,176,915 | |

SCHEDULE 4

Current Assets, Loans & Advances

A) Current Assets

Inventories

Stock in Hand

Stock with Consignee

Sundry Debtors

(Unsecured, Considered good unless otherwise stated)

More than Six Months

Others

| | | |
|--|----------------|-------------|
| | 2010 | 2009 |
| | 500,000 | 500,000 |
| | 500,000 | 500,000 |
| | 500,000 | 500,000 |
| | 500,000 | 500,000 |
| | 713,716 | 1,032,930 |
| | 713,716 | 1,032,930 |

| | | |
|--|-------------------|------------|
| | - | 146,985 |
| | - | 1,074,305 |
| | - | 1,221,290 |
| | 10,585,927 | 9,490,641 |
| | 1,353,537 | 1,408,502 |
| | 11,939,464 | 10,899,143 |

Schedules forming part of the Balance Sheet as at March 31,

(Currency: Indian Rupees)

| | 2010 | 2009 |
|--|----------------------|----------------------|
| SCHEDULE - 4 (Contd.) | | |
| Cash and Bank Balances | | |
| Cash in Hand | 3,270 | 164,474 |
| Balance with Scheduled Banks | | |
| In Current Accounts | 114,018,848 | 31,011,331 |
| Fixed Deposit pledged with Sales Tax department | 200,000 | 200,000 |
| | <u>114,222,118</u> | <u>31,375,805</u> |
| B) Loans and Advances | | |
| (Unsecured, Considered good unless otherwise stated) | | |
| Advances | | |
| (Recoverable in cash or in kind or for value to be received) | | |
| Advances - Others | 4,870,516 | 12,679,536 |
| Prepaid Expenses | 1,402,835 | 1,318,370 |
| TDS Recoverable | 65,679,323 | 44,815,831 |
| Security Deposit | 5,799,652 | 5,806,238 |
| Service tax-Input | 2,399,863 | 2,835,808 |
| | <u>80,152,189</u> | <u>67,455,783</u> |
| TOTAL | <u>206,313,771</u> | <u>110,952,021</u> |
| SCHEDULE 5 | | |
| Current Liabilities and Provisions | | |
| A) Current Liabilities | | |
| Sundry Creditors - For Expenses and other Liabilities | 345,623,340 | 465,857,153 |
| Advance from Holding Company | 795,691,110 | 562,988,403 |
| TOTAL - A | <u>1,141,314,450</u> | <u>1,028,845,555</u> |
| B) Provision | | |
| Retirement Benefits | 8,245,621 | 11,688,217 |
| TOTAL - B | <u>8,245,621</u> | <u>11,688,217</u> |
| TOTAL (A+B) | <u>1,149,560,071</u> | <u>1,040,533,772</u> |
| SCHEDULE 6 | | |
| Reserve & Surplus | | |
| Balance as per last Balance Sheet | 39,719,856 | 2,192,465 |
| Add: Adjustment pursuant to adoption of option granted under AS-11 | - | 5,907,626 |
| Loss for the year transferred from Profit and Loss account | 621,361 | 31,619,765 |
| TOTAL | <u>40,341,217</u> | <u>39,719,856</u> |

Integrated Subscriber Management Services Limited

Schedules to the Profit & Loss Account for the year ended March 31,

(Currency: Indian Rupees)

| | 2010 | 2009 |
|--|----------------------|--------------------|
| SCHEDULE 7 | | |
| Income | | |
| Call Centre Charges | 306,782,030 | 466,312,892 |
| CAS Charges | 324,166,101 | 198,476,560 |
| SMS Charges | 4,200,000 | 4,200,000 |
| Middleware Charges | 365,335,980 | 298,540,008 |
| Sale | 1,497,345 | 7,421,542 |
| TOTAL | 1,001,981,456 | 974,951,002 |
| SCHEDULE 8 | | |
| Other Income | | |
| Foreign Exchange Fluctuation | 10,549,992 | - |
| Interest Received (Gross) | 128,308 | 11,481 |
| Profit on Sale of Fixed Assets | - | 81,987 |
| Other Misc. Income | 42,557 | 58,744 |
| TOTAL | 10,720,857 | 152,212 |
| SCHEDULE 9 | | |
| Operating Expenses | | |
| Smart Card Software Licence Fees | 185,377,618 | 143,808,370 |
| Smart Card Support Charges | 55,606,150 | 47,374,333 |
| Call Center Charges | 58,034,546 | 116,538,533 |
| Middleware Charges | 243,975,759 | 209,104,395 |
| Telephone & Fax Charges - Call Center | 103,643,310 | 130,062,517 |
| Cost of sale | 1,221,290 | 9,973,862 |
| TOTAL | 647,858,673 | 656,862,010 |
| SCHEDULE 10 | | |
| Personnel Cost | | |
| Salaries, Allowances and Bonus | 105,264,660 | 137,442,630 |
| Contributions to Provident and other funds | 9,014,964 | 8,410,312 |
| Staff Welfare Expenses | 1,706,441 | 1,765,373 |
| Recruitment and Training Expenses | 1,443,536 | 1,909,203 |
| TOTAL | 117,429,601 | 149,527,518 |

Schedules to the Profit & Loss Account for the year ended March 31,

(Currency: Indian Rupees)

| | 2010 | 2009 |
|--|-------------------|-------------------|
| SCHEDULE 11 | | |
| ADMINISTRATIVE AND OTHER EXPENSES | | |
| Rent | 9,563,665 | 9,146,647 |
| Rates and Taxes | 6,000 | 117,380 |
| Electricity Charges | 7,879,268 | 6,050,146 |
| Insurance Expenses | 26,519 | 60,150 |
| Repairs & Maintenance - Building | 7,500 | 728,824 |
| - Others | 10,989,875 | 8,520,717 |
| Vehicle Expenses | 13,773 | 44,491 |
| Legal & Professional Charges | 6,840,195 | 5,666,737 |
| Auditors' Remuneration | 210,000 | 210,000 |
| Printing & Stationery | 236,510 | 502,762 |
| Communication Expenses | 8,107,757 | 2,776,067 |
| Travelling & Conveyance Expenses | 15,912,362 | 14,191,445 |
| Miscellaneous Expenses | 8,919 | 335,228 |
| Loss on Sale of Fixed Assets | 69,459 | - |
| Amount written off | 4,434,900 | - |
| Business Promotion Expenses | - | 3,100 |
| Freight & Cartage | 35,275 | 44,178 |
| Commission | - | 92,000 |
| TOTAL | 64,341,977 | 48,489,872 |
| SCHEDULE 12 | | |
| FINANCIAL EXPENSES | | |
| Interest Expenses | 111,301 | 6,397 |
| Foreign Exchange Fluctuation | - | 18,007,154 |
| Bank Charges | 42,293 | 879,380 |
| TOTAL | 153,594 | 18,892,931 |

Integrated Subscriber Management Services Limited

Schedules forming part of the Balance Sheet as at March 31, 2010

(Currency: Indian Rupees)

SCHEDULE 13

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

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 recognizes income and expenditure on accrual basis except where stated otherwise.

2. Revenue Recognition

Service income, is being recognized after the service is completed and Sale of goods are recognized when risk and rewards of ownership are passed on to the customer which is general on dispatch of goods.

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 asset depreciated 100% during the year is Rs. 3,640 /-
- c) Depreciation on Computer Software is provided on the same rate as Computer Equipment.

5. Retirement Benefits

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

6. Inventories

Inventories are valued at lower of cost and net realizable value. Cost is identified on weighted average basis.

7. Foreign Currency Transactions

Transactions in Foreign currency are recorded at the exchange rate prevailing on the date of transaction. Monetary assets and liabilities denominated in foreign currency are translated at the prevailing at the Balance Sheet date and gains or losses on translation are recognized in Profit and Loss Account. Non-monetary foreign currency items are carried at cost. However, in relation to exchange difference arising on reporting of long-term monetary foreign currency transaction, in so far they relate to the acquisition of a depreciable capital asset the Central Government's notification on Companies Accounting Standard Rules ("Rules") on 31.03.2009, to comply with the revised Accounting Standard-11 on Accounting for the Effects of Changes in Foreign Exchange Rates have been given effect to and corresponding adjustments have been made in the books.

8. Taxation

Deferred tax is recognized, subject to consideration of prudence, on timing difference, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods and measured using relevant enacted tax rates.

9. Provisions and Contingencies

The company recognize provision based on the best estimate required to settle the obligation & 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.

Schedules forming part of the Balance Sheet as at March 31, 2010

(Currency: Indian Rupees)

10. Borrowing Cost

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

11. Operating Lease

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

B. NOTES TO ACCOUNTS

1. Prior Year Comparatives

Previous year figures are regrouped, rearranged or recast 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. Composite Scheme of Amalgamation and Arrangement (The Scheme)

The Composite Scheme of Amalgamation and Arrangement between the Company, Dish TV India Limited ('DTIL')(The Holding Company), Agrani Satellite Services Limited ('ASSL') (Wholly-owned subsidiary of the DTIL), and their respective shareholders and creditors is approved by the board of Directors in their meeting held on June 10, 2010.

Pursuant to the Scheme Non DTH Business of DTIL comprising of Investment in and Share Application Money to ASSL, Investment in Agrani Convergence Limited (ACL) and Fixed Assets and Capital Work-in-progress and Security Deposit received pertaining to HITS facility (Headend In The Sky) alongwith all other Assets and Liabilities will be transferred to the Company on the appointed date March 31, 2010 followed by merger of ASSL with the Company. So therefore the Assets and Liabilities will be recorded at respective fair value. The difference, being the excess of the fair value of assets of the Non DTH Business over the fair value of liabilities, over the face value of equity shares issued and allotted 100,000 (One lakh) equity shares of Rs.10 each shall be credited by the Company to its capital reserve account. The deficit, if any, shall be debited to its goodwill account.

In consideration of the demerger of the Non DTH Company, the Company will issue 100,000 equity shares of Rs. 10 each to DTIL.

Pursuant to the Scheme ASSL shall become wholly owned subsidiary of the Company. ASSL will be merged with Company on appointed date March 31, 2010. The Assets and Liabilities recorded in the ASSL shall be transferred to and vesting in the Company and shall be recorded and in the books of the Company at their respective fair market value.

The difference in the net assets of ASSL transferred to and recorded by the Company, after making the adjusting cancellation of Investment in ASSL and inter-company balances between ASSL and the Company, shall be adjusted to Goodwill/Capital Reserves, as the case may be. There will not be any consideration on merger of ASSL into the Company as the Company is not permitted to issue shares to itself under the provisions of the Companies Act, 1956.

The Scheme is subject to requisite consent, approval of the requisite majority of the shareholders and creditors of the companies, the Hon'ble High Court of Judicature at Delhi and other statutory and regulatory authorities. The Scheme of Amalgamation and Arrangement under Section 391-394 of the Companies Act, 1956 has been filed with the Hon'ble High Court of Judicature at Delhi and is pending approval.

Pending Court approval, the effect of the Scheme has not being given during the period under review. The effect of the Scheme shall be given in the year in which the Scheme is approved and becomes effective.

3. Income Tax

- a) In view of losses and allowances available under the income tax act, no provision for current taxation is required.
- b) In accordance with the Accounting Standards-22 on "Accounting for Taxes on Income" deferred tax assets and liability should be recognized for all timing difference in accordance with the said standard. However, considering the present financial position and requirements of the accounting standard regarding certainty/virtual certainty, the same is not provided for. The same will be reassessed at a subsequent Balance Sheet date and will be accounted for in the year when certainty / virtual certainty in accordance with the aforesaid accounting standard is ascertained.

Integrated Subscriber Management Services Limited

Schedules forming part of the Balance Sheet as at March 31, 2010

| Particulars | As on 31.03.2010 Amount (Rs.) | As on 31.03.2009 Amount (Rs.) |
|---|----------------------------------|----------------------------------|
| Deferred Tax Assets | | |
| Un absorbed depreciation & business loss | 183,055,167 | 156,339,867 |
| Provision for Leave Encashment | 1,298,633 | -- |
| Provision for Gratuity | 1,249,264 | -- |
| Bonus | 1,035,698 | -- |
| Total | 186,638,762 | 156,339,867 |
| Deferred Tax Liabilities | | |
| Difference in WDV as per Companies Act and I.T. Act | 167,270,768 | 162,157,253 |
| Total | 167,270,768 | 162,157,253 |
| Deferred Tax Assets / (Liabilities) | 19,367,994* | (5,817,386) |

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

4. 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.

5. Secured Loan

Secured loan includes vehicle loan taken from Kotak Mahindra Prime Ltd. and secured by Hypothecation of vehicle. (Amount repayable within a year Rs. 351,074/-).

6. Disclosures

a) Transaction in foreign currencies

| Particulars | 2010 | 2009 |
|--------------------------------------|--------------|--------------|
| | Amount (Rs.) | Amount (Rs.) |
| i) Expenditure in Foreign Currency : | | |
| Software License Fee | 185,377,618 | 143,808,370 |
| Middleware exp. | 243,975,759 | 209,104,395 |
| ii) CIF Value of Imports : | | |
| Capital Goods | 205,493,530 | 339,269,000 |

b) In reference to the changes made in the books of accounts vide Central Government's notification on Companies Accounting Standard Rules ("Rules") on 31.03.2009, to comply with the revised Accounting Standard-11 on Accounting for the Effects of Changes in Foreign Exchange Rates, the foreign exchange gain to the tune of Rs. 28,672,131 for the Financial Year 2009-10 has been reduced from the Gross Block of Plant & Machinery (Rs. 5,907,626/- for the Financial Year 2007-08 has been reduced from the Gross Block in relation to VC Cards and the foreign exchange loss to the tune of Rs. 39,077,515/- for the Financial Year 2008-09 has been capitalized under the head Plant & Machinery).

c) Prior period adjustments

Prior period expenses included in the respective expenses/Income heads are as under :

| Particulars | 2010 | 2009 |
|-----------------------------|-----------|---------------|
| Telephone Expenses | -- | (38,759) |
| Net Income/(Expense) | -- | 38,759 |

Schedules forming part of the Balance Sheet as at March 31, 2010

(Currency: Indian Rupees)

d) Auditors Remuneration :

| Particulars | 2010 | 2009 |
|-------------------------|---------|---------|
| Audit Fees * | 160,000 | 160,000 |
| Tax Audit Fees * | 40,000 | 40,000 |
| Out of Pocket Expenses* | 10,000 | 10,000 |

(* Excluding Service Tax)

e) 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, 2010.

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

g) In the opinion of the Board of Directors the Current Assets, Loans and Advances shown in the Balance Sheet as on 31st March, 2010 are considered good and fully recoverable except otherwise stated and provision for all known liabilities is made in the accounts.

7. Capital Commitments

Estimated amounts of contracts remaining to be executed on capital account, not provided for (net of advances) Rs. 28,300.

8. Operating Lease

The company's significant leasing arrangements are in respect of operating lease taken for office. This lease is non-cancelable operating lease agreements for a period of 9 years the details of assets taken on operating lease during the period as under.

| Particulars | 2010 | 2009 |
|--|------------|------------|
| Lease Rental Charges for the year | 9,143,200 | 9,072,600 |
| Future Lease Rental Obligation payable (under non-Cancelable lease) | | |
| Not later than one year | 10,161,671 | 9,072,600 |
| Later than one year but not later than five years | 44,858,314 | 42,512,472 |
| More than five years | 15,366,081 | 27,222,458 |

9. Retirement Benefits to the Employees

a) The reconciliation of the opening and closing balances of the present value of the defined obligation as at March 31, 2010:

| Particulars | 2010 | | 2009 | |
|----------------------------------|-------------|---------------------------|-----------|---------------------------|
| | Gratuity | Leave Encashment Benefits | Gratuity | Leave Encashment Benefits |
| Obligation at the year beginning | 6,498,915 | 5,189,302 | 4,227,329 | 3,545,588 |
| Service Cost | 1,816,326 | 2,572,917 | 2,443,271 | 2,531,731 |
| Interest Cost | 519,913 | 415,144 | 338,186 | 283,647 |
| Actuarial(Gain)/Loss | (4,658,430) | (2,896,040) | (509,871) | 215,376 |
| Benefit Paid | (133,797) | (1,078,629) | - | (1,387,040) |
| Obligation at the year end | 4,042,927 | 4,202,694 | 6,498,915 | 5,189,302 |

Integrated Subscriber Management Services Limited

Schedules forming part of the Balance Sheet as at March 31, 2010

(Currency: Indian Rupees)

b) Cost for the year:

| Particulars | 2010 | | 2009 | |
|---------------------------|-------------|---------------------------|-----------|---------------------------|
| | Gratuity | Leave Encashment Benefits | Gratuity | Leave Encashment Benefits |
| Service Cost | 1,816,326 | 2,572,917 | 2,443,271 | 2,531,731 |
| Interest Cost | 519,913 | 415,144 | 338,186 | 283,647 |
| Net Actuarial (gain)/Loss | (4,658,430) | (2,896,040) | (509,871) | 215,376 |
| Net Cost | (2,322,191) | 92,021 | 2,271,586 | 3,030,754 |

c) Assumption used :

| Particulars | 2010 | | 2009 | |
|-------------------|----------|---------------------------|----------|---------------------------|
| | Gratuity | Leave Encashment Benefits | Gratuity | Leave Encashment Benefits |
| Discount Rate | 8% | 8% | 8% | 8% |
| Salary Escalation | 10% | 10% | 10% | 10% |

10. Details of Opening Stock, Purchase, Sales and Closing Stocks of goods traded

| Quantitative Details | | 2010 | | 2009 | |
|---------------------------|-------|--------|------------------|---------|-------------------|
| Particulars | Unit | Qty | Amount | Qty | Amount |
| Opening Stock | | | | | |
| With Hand | | | | | |
| STB | No. | 191 | 133,700 | 191 | 315,150 |
| LNB | No. | - | - | 30,691 | 3,130,482 |
| Dish | No. | 95 | 12,445 | 95 | 29,450 |
| Cable | Metre | 420 | 840 | 255,960 | 1,279,800 |
| | | | 146,985 | | 4,754,882 |
| With Consinee | | | | | |
| STB | No. | 1,195 | 836,500 | 3,035 | 5,007,750 |
| LNB | No. | 1,195 | 52,580 | 3,035 | 309,570 |
| Dish | No. | 1,195 | 156,545 | 3,035 | 940,850 |
| Cable | Metre | 14,340 | 28,680 | 36,420 | 182,100 |
| | | | 1,074,305 | | 6,440,270 |
| Total | | | 1,221,290 | | 11,195,152 |
| Purchase | | | | | |
| STB | No. | - | - | - | - |
| LNB | No. | - | - | - | - |
| Dish | No. | - | - | - | - |
| Cable | Metre | - | - | - | - |
| Total | | | - | | - |
| Sales and Services | | | | | |
| STB | No. | 1,386 | 1,189,067 | 1,840 | 1,119,154 |
| LNB | No. | 1,195 | 68,225 | 32,531 | 1,894,902 |
| Dish | No. | 1,290 | 221,476 | 1,840 | 209,442 |
| Cable | Metre | 14,760 | 18,577 | 277,620 | 4,198,043 |
| Total | | | 1,497,345 | | 7,421,541 |

Schedules forming part of the Balance Sheet as at March 31, 2010

(Currency: Indian Rupees)

| Quantitative Details | Unit | 2010 | | 2009 | |
|----------------------|-------|------|--------|--------|------------------|
| | | Qty | Amount | Qty | Amount |
| Closing Stock | | | | | |
| With Hand | | | | | |
| STB | No. | - | - | 191 | 133,700 |
| LNB | No. | - | - | - | - |
| Dish | No. | - | - | 95 | 12,445 |
| Cable | Metre | - | - | 420 | 840 |
| | | | | | 146,985 |
| With Consinee | | | | | |
| STB | No. | - | - | 1,195 | 836,500 |
| LNB | No. | - | - | 1,195 | 52,580 |
| Dish | No. | - | - | 1,195 | 156,545 |
| Cable | Metre | - | - | 14,340 | 28,680 |
| | | | | | 1,074,305 |
| Total | | | - | | 1,221,290 |

11. Related Party Disclosure

| Particulars | Period Ended 31.03.2010 | | Period Ended 31.03.2009 | |
|---|-------------------------|--------------------------|-------------------------|--------------------------|
| | Total Amount | Amount for Major Parties | Total Amount | Amount for Major Parties |
| Transactions: | | | | |
| (i) With Holding Company | | | | |
| Sales, Services & Recoveries | 999,974,887 | | 970,806,636 | |
| Dish TV India Limited | | 999,974,887 | | 970,806,636 |
| Purchase of Goods & Services | - | - | 92,000 | |
| Dish TV India Limited | | | | 92,000 |
| Repayment of Loan, Advance and Deposit Taken | 30,400,000 | | - | |
| Dish TV India Limited | | 30,400,000 | | - |
| Loan, Deposit and Advances Taken | 168,821,718 | | 176,239,722 | |
| Dish TV India Limited | | 168,821,718 | | 176,239,722 |
| (ii) With Other Related Parties | | | | |
| Sales, Services & Recoveries | 1,227,140 | | 2,514,471 | |
| Zee Entertainment Enterprises Limited | | - | | 158,280 |
| Zee Turner Limited | | 87,500 | | 397,866 |
| Wire and Wireless India Limited | | - | | - |
| PAN India Network Investment (P) Limited | | - | | 818,685 |
| Intrex India Limited | | 1,139,640 | | 1,139,640 |
| Dakshin Media Gaming Solutions P. Limited | | - | | - |
| Purchase of Goods & Services | 4,431,158 | | 86,012 | |
| Zee Entertainment Enterprises Limited | | - | | 86,012 |

Integrated Subscriber Management Services Limited

Schedules forming part of the Balance Sheet as at March 31, 2010

(Currency: Indian Rupees)

| Particulars | Period Ended 31.03.2010 | | Period Ended 31.03.2009 | |
|--|-------------------------|--------------------------|-------------------------|--------------------------|
| | Total Amount | Amount for Major Parties | Total Amount | Amount for Major Parties |
| PAN India Network Investment (P) Limited | | 4,431,158 | | - |
| Rent Paid | 420,465 | | - | |
| PAN India Network Investment (P) Limited | | 420,465 | | - |
| Balance Write Off | 3,242,153 | | - | |
| Wire and Wireless India Limited | | 3,242,153 | | - |
| Balance Write Back | 5,401,750 | | - | |
| Zee Multimedia Worldwide Mauritius Limited | | 5,401,750 | | - |
| Balance at the end of period: | | | | |
| With Holding Company: | | | | |
| Share Capital | 500,000 | | 500,000 | |
| Dish TV India Limited | | 500,000 | | 500,000 |
| Loan, Deposit and Advances Taken | 795,691,109 | | 562,988,403 | |
| Dish TV India Limited | | 795,691,109 | | 543,536,555 |
| Creditors for Goods & Services | - | | 5,819,147 | |
| Dish TV India Limited | | - | | 5,819,147 |
| With Other Related Parties: | | | | |
| Loan, Deposit and Advances Given | - | | 3,013,000 | |
| Wire and Wireless India Limited | | - | | 3,013,000 |
| Loan, Deposit and Advances Taken | - | | 5,401,750 | |
| Zee Multimedia Worldwide Mauritius Limited | | - | | 5,401,750 |
| Creditor | 10,531,812 | | 12,095,190 | |
| Zee Entertainment Enterprises Limited | | 9,094,851 | | 12,095,190 |
| PAN India network investment (P) Limited | | 1,436,961 | | - |
| Debtors | 8,043,607 | | 7,003,286 | |
| Zee Turner Limited | | 1,532,312 | | 1,435,799 |
| Wire & Wireless India Limited | | - | | 229,153 |
| PAN India network investment (P) Limited | | 1,708,585 | | 1,708,585 |
| Intrex India Limited | | 4,084,278 | | 2,911,317 |
| Dakshin Media Gaming Solutions (P) Limited | | 212,491 | | 212,491 |
| Zee Entertainment Enterprises Limited | | 505,941 | | 505,941 |

Schedules forming part of the Balance Sheet as at March 31, 2010

12. Earning per Share (EPS)

The Basic/diluted earning per share calculated as AS-20 issued by ICAI is as under

(Currency: Indian Rupees)

| Particulars | 2010 | 2009 |
|-----------------------------------|-----------|--------------|
| Profit/(loss) After Tax | (621,360) | (31,619,765) |
| Nos of Equity Shares | 50000 | 50000 |
| Basic & diluted earning per Share | (12.43) | (632.40) |

As per our attached report of even date

For S. K. & Co.
Chartered Accountants
Firm Registration No.: 09764N

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

Place : New Delhi
Date : October 23, 2010

For and on behalf of the Board

Mukesh Mittal
Director

Rajendra Kumar Jagnani
Director

Integrated Subscriber Management Services Limited

Cash Flow Statement for the year ended March 31,

(Currency: Indian Rupees)

| PARTICULARS | 2010 | 2009 |
|---|----------------------|----------------------|
| A. CASH FLOW FROM OPERATING ACTIVITIES | | |
| Net Profit before taxation and exceptional items | (6,438,747) | (33,188,545) |
| Adjustments for : | | |
| Depreciation | 189,357,215 | 134,519,428 |
| Interest expenses | 111,301 | 6,397 |
| Interest Income | (128,308) | (11,481) |
| Exchange Adjustments (Net) | (185,613) | - |
| Loss on sale of fixed assets | 69,459 | - |
| Adjustment pursuant to provisions as per AS-11 (Refer Note) | - | (5,907,626) |
| Amount written off | 4,434,900 | - |
| Net Profit after adjustment | 187,220,207 | 95,418,173 |
| Direct Taxes Paid (Net) | 20,943,145 | 499,754 |
| Operating Profit before working capital changes | 166,277,062 | 94,918,419 |
| Adjustments for Change in working Capital : | | |
| (Increase)/Decrease in trade and other receivables | 2,781,690 | 136,646,373 |
| (Increase)/Decrease in inventories | 1,221,290 | 9,973,862 |
| Increase/(Decrease) in trade and other payables | 109,211,912 | 169,015,938 |
| Net Cash flow from Operating Activities | 279,491,954 | 410,554,591 |
| B. CASH FLOW FROM INVESTING ACTIVITIES | | |
| Purchases of Fixed Assets | (281,426,423) | (449,535,342) |
| Capital Work in Progress | 84,813,161 | 58,672,532 |
| Sale of fixed assets | 280,000 | - |
| Interest received | 118,136 | 11,481 |
| Net Cash Flow from Investing Activities | (196,215,126) | (390,851,328) |
| C. CASH FLOW FROM FINANCING ACTIVITIES | | |
| Interest Paid | (111,301) | (6,397) |
| Increase/(decrease) in Vehicle Loan | (319,214) | 897,658 |
| Net Cash flow from Financing Activities | (430,515) | 891,261 |
| Net Cash Flow during the year (A+B+C) | 82,846,313 | 20,594,524 |
| Cash and Cash Equivalents at the beginning of the year | 31,375,805 | 10,781,281 |
| Cash and Cash Equivalents at the end of the year | 114,222,118 | 31,375,805 |
| Notes to the Cash Flow Statement For the year ended 31st March,2010 | | |
| 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 | 3,270 | 164,474 |
| Balances with Scheduled Banks in Current Accounts | 114,018,848 | 31,011,331 |
| Fixed Deposit Pledged with Sales Tax Department | 200,000 | 200,000 |

As per our attached report of even date

For S. K. & Co
Chartered Accountants
Firm Registration No.: 09764N

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

Place : New Delhi
Date : October 23, 2010

For and on behalf of the Board

Mukesh Mittal
Director

Rajendra Kumar Jagnani
Director

Balance Sheet Abstract and Company's General Business Profile

I. REGISTRATION DETAILS

| | | | |
|--------------------|---|------------|--|
| Registration No. | <input type="text"/> <input type="text"/> 1 1 1 4 2 1 | State Code | <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> 5 5 |
| Balance Sheet Date | <input type="text"/> 3 <input type="text"/> 1 <input type="text"/> 0 <input type="text"/> 3 <input type="text"/> 2 <input type="text"/> 0 <input type="text"/> 1 <input type="text"/> 0 | | |
| | Day Month Year | | |

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

| | | | |
|--------------|--|-------------------|--|
| Public Issue | <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> N I L | Rights Issue | <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> N I L |
| Bonus Issue | <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> N I L | Private Placement | <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> N I L |

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

| | | | |
|-------------------|---|--------------|---|
| Total Liabilities | <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> 1 2 1 4 | Total Assets | <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> 1 2 1 4 |
|-------------------|---|--------------|---|

SOURCES OF FUNDS

| | | | |
|------------------------|--|--------------------|--|
| Paid-up Capital | <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> 5 0 0 | Reserves & Surplus | <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> N I L |
| Secured Loans | <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> 7 1 4 | Unsecured Loans | <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> N I L |
| Deferred Tax Liability | <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> N I L | | |

APPLICATION OF FUNDS

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

IV. PERFORMANCE OF COMPANY (RUPEES IN THOUSANDS)

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

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

| | |
|--------------------------|---|
| Item Code No. (ITC Code) | <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> N A |
| Product Description | <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> N A |

For and on behalf of the Board

Mukesh Mittal
Director

Rajendra Kumar Jagnani
Director

Place: New Delhi
Date: October 23, 2010

