

No. 8 / 12/ 2006-BP&L
Government of India
Ministry of Information & Broadcasting

New Delhi, dated the 31st July 2006.

ORDER

The Government of India hereby decides that the following shall be added to the guidelines for Direct- to -Home (DTH) Services:

1. Under Para (v) with the heading “**Procedure for application and Grant of Licenses**” the second bulleted point is hereby amended and substituted by the following namely:

“On the basis of information furnished in the application form, if the applicant is found eligible for setting up of DTH platform in India, the application will be subjected to security clearance of Board of Directors as well as key executives of the company such as CEO etc. in consultation with the Ministry of Home Affairs and for clearance of satellite use with the Department of Space”.

2. In Article 3 (**License Fee**) of the “Schedule to the License Agreement” for DTH Service, the following shall be added as clauses 3.1.1, 3.1.2 and 3.1.3 namely:

“3.1.1 Gross Revenue for this purpose would be the gross inflow of cash, receivable or other consideration arising in the course of ordinary activities of the Direct to Home [DTH] enterprise from rendering of services and from the use by others of the enterprise resources yielding rent, interest, dividend, royalties, commissions etc. Gross revenue shall, therefore, be calculated, without deduction of taxes and agency commission, on the basis of billing rates, net of discounts to advertisers. Barter advertising contracts shall also be included in the gross revenues on the basis of relevant billing rates. In the case of licensee providing or receiving goods and service from other companies that are owned or controlled by the owners of the licensee, all such transactions shall be valued at normal commercial rates and included in the profit and loss accounts of the licensee to calculate its gross revenue.

3.1.2 Every licensee shall maintain separate financial accounts for the channel, which shall be audited by the Statutory Auditors. At the end of each financial year, the company shall provide the statement of gross revenue forming part of the final accounts of the licensee as per the format in Form D, duly certified by the Statutory Auditors. It may be noted that the income heads specified in Form D are

only indicative and illustrative and the Auditor would include all the relevant heads qualifying for gross revenue whether or not specifically included in the said format. In addition, the income from the Related Parties shall have to tally with the Related Parties schedule as per Accounting Standards no. 18. Besides, the company shall disclose the following information at the end of each financial year, duly certified by the Statutory Auditor.

- i) Total trade and other discounts.*
- ii) Total agency commission.*
- iii) Total Related party transaction.*

3.1.3 So as to verify that the Gross Revenue is correctly disclosed to it, the Government of India shall have the right to get the accounts of any licensee audited by CAG or any other professional auditors at its discretion. In case of difference between the Gross Revenue determined by the Statutory Auditors and the Government appointed auditors, the views of the government appointed auditor, subject to opportunity of hearing to the licensee shall prevail and the expenses on such audit shall be borne by the licensee.”

3 The existing licensees will also be required to obtain security clearances as provided for in Para- ‘1’ above, and also comply with provisions as per Para –’2’.

(N. Bajendra Kumar)
Joint Secretary to the Government of India

Copy to: -

1. Cabinet Secretary, Cabinet Secretariat.
2. Secretary, Department of Telecommunications.
3. Secretary, Ministry of Home Affairs.
4. Secretary, Ministry of Finance.
5. Secretary, Department of Revenue.
6. Secretary, Department of Space.
7. Secretary, Department of Information Technology.
8. CEO, Prasar Bharati.
9. Secretary, TRAI.
10. M/s. ASC Enterprises LTd., J-27, South Extension Phase –I, New Delhi-29.
11. M/s. Tata Sky Pvt. Ltd., 3rd Floor, Bombay Dyeing A.O. Building, Pandurang Budhkar Marg, Worli, Mumbai –400025.
12. The Chairman, Telecom Regulatory Authority of India , A-2/ 14, Safdarjung Enclave, New Delhi-110029.

FORM –D

STATEMENT OF GROSS REVENUE FORMING PART OF THE FINAL ACCOUNTS OF M/S. -----.

| SL. N. | Income Heads | Tariff rate/ rate card | Discounts | | Agency commis-sion | Taxes | Net as per P & L a/c |
|-------------------------|--|------------------------|-----------|--------|--------------------|-------|----------------------|
| | | | trade | Others | | | |
| [Amount Rupees in lacs] | | | | | | | |
| 1. | Advertisement | | | | | | |
| 2. | Promotional events | | | | | | |
| 2.1. | Musical/Star Events | | | | | | |
| 2.2. | Sponsored programmes | | | | | | |
| 3. | Marketing Rights | | | | | | |
| 4. | Commission | | | | | | |
| 5. | Royalties | | | | | | |
| 6. | Sale of antenna, addressable system etc. | | | | | | |
| 7. | Rent –Premises | | | | | | |
| 8. | Rent-Equipment | | | | | | |
| 9. | Interest/Dividend | | | | | | |
| 10. | Related Party Transactions | | | | | | |
| 10.1 | Goods sold | | | | | | |
| 10.2 | Services tendered | | | | | | |
| 10.3 | Production | | | | | | |
| 10.4 | Marketing | | | | | | |
| 10.5 | Others | | | | | | |

- Note:** 1. The income heads are only indicative and illustrative and the Auditor would include all the relevant Heads of the licensee.
2.The income from the Related Parties shall tally with the Related Parties as per accounting standards no. 18.

NO.8 / 12/ 2006 –BP&L
Government of India
Ministry of Information & Broadcasting

New Delhi , dated the 8th August 2006.

To

- 1. Shri Kalanithi Maran,
Chairman & Managing Director,
Sun Direct TV Pvt. Ltd.,
367/369, Anna Salai, Teynampet,
Chennai- 600018.**
- 2. M/s. ASC Enterprises Limited,
J-27, South Extension, Part-1,
New Delhi- 110049.**
- 3. M/s. Tata Sky Ltd.,
Bansiwala Mill Compound,
Off Dr. E. Moses Road,
Mahalaxmi , Mumbai –400011.**
- 4. Shri Arvind Kumar Narang,
Authorised Signatory,
M/s. Reliance Blue Magic Pvt. Ltd.,
3rd Floor, Reliance Energy Centre,
Santa Cruz (E), Mumbai-400055.**

SUBJECT: Furnishing of additional information regarding.

Sir

I am directed to enclose a copy of the order dated 31.7.2006 amending guidelines for DTH Service and to request you to kindly furnish the details of the key executive such as CEO etc. to this Ministry for further necessary action.

Yours faithfully,

(G. Chatterjee)
Under Secretary to Government of India
Tele: 23389202