

## DIRECTORS' REPORT

To the Members,

Your Directors are pleased to present the Twenty Fifth (25<sup>th</sup>) Annual Report together with the Audited Statement of Accounts of the Company for the Financial Year ended March 31, 2013.

### FINANCIAL RESULTS

The Financial Performance of your Company for the year ended March 31, 2013 is summarized below:

(₹/Thousand)

Particulars	Year ended March 31, 2013	Year ended March 31, 2012
Sales & Services	21,668,050	19,578,236
Other Income	511,952	578,706
<b>Total Income</b>	<b>22,180,002</b>	<b>20,156,942</b>
Total Expenses	23,431,940	21,745,440
Profit/(Loss) before Tax	(1,251,938)	(1,588,498)
Provision for Taxation (net)	-	-
<b>Profit/(Loss) after Tax</b>	<b>(1,251,938)</b>	<b>(1,588,498)</b>
Exceptional items	594,442	-
Profit/(Loss) for the Year	(657,496)	(1,588,498)
Add: Balance brought forward	(17,522,920)	(15,934,422)
Amount available for appropriations	(18,180,416)	(17,522,920)
<b>Appropriations :</b>		
Dividend	Nil	Nil
Tax on Dividend	Nil	Nil
General Reserve	Nil	Nil
Balance Carried Forward	(18,180,416)	(17,522,920)

### DIVIDEND

Your Directors have not recommended any dividend on the equity shares of the Company for the year under review.

### BUSINESS OVERVIEW

The year under review continued to bring strength to your Company with constant acquisition of Subscribers and the Digitization yielding expected results. The Broadcasting and Distribution Industry gained momentum in the year under review with large number of HD Channels becoming available to the consumers. Over the years, Dish TV has carved a niche for itself on account of its adaptability to the state of the art technology, variety of content, affordable offerings and quick response to the consumers. Dish TV is aiming at growth in revenue and subscriber base *inter alia* on account of provision of customer oriented support service, highest number of Hi-Definition channels & services, premium on demand services for niche content and latest international movie channels.

The favorable demographic pattern and constant rise in the net disposable income is also driving major change in the Media and Entertainment Industry, more particularly, the ever growing pay TV Industry. The quality and veracity of contents is also improving with the increased demand, desire and expectations of the consumers. The rise in education level and increased expectations mainly because of the access to international media, internet and social networking platforms is also driving the Industry. The consumer of today is more evolved, tech savvy, broadband oriented and is willing to go places to satiate his demand for content. Fortunately, Indian Broadcast Industry has moved in tandem with such change in the consumer behavior.

The Government of India is participating actively in the overall digitization process pushing the entire category towards achieving the objective of complete digitization. The wide buzz and noise created by the stakeholders of media Industry has helped the cause, however the digitization process needs to grow faster to accomplish the desired aim.

The year gone by has been the most opportunistic and challenging for the Digital Broadcast Industry. The mandate of digitization set open a gigantic market of analog users waiting to get digitized across top 42 cities. Aggressive play by digital cable systems was witnessed wherein Direct-to-Home ('DTH') clearly went on establishing itself as the most preferred choice for digital viewing of pay television content.

Out of the approximately 60 Mn installed base of digital connections, substantial number of connections have become part of the DTH category. Dish TV strategy was encompassed keeping in mind these challenges as well as maximizing the opportunity for DTH, presented by the Digital Addressable Systems ('DAS') mandate of the Government of India. To spearhead the DTH advantage, Dish TV with a well crafted insight re-positioned the brand in the space of passion for entertainment; tapping into consumers who are passionate about their dose of entertainment and establish Dish TV as an endpoint for all TV entertainment needs.

With consumers seeking maximum value for their money, the Company brought forth unparalleled offerings in form of lucrative entry offers, schemes like 70+ channels free for Lifetime, cash back offers to ensure best competitive advantage. Carrying forward the spirit of innovation and leadership, Dish TV unveiled its Standard Definition Box with Recorder, thus redefining the recorder category.

The Company with focused enhancement in the pillars of Content, Service and Technology continued to gain significant edge over the competition prevailing in the DTH Industry. To ensure maximum coverage and visibility around the digitization wave, incremental steps were made on ground and in-shops. Dish TV carried expansion in service infrastructure across India to cater to the massive demand and providing quick service support to the customers.

With a robust sales and distribution network, Dish TV ensured strong foothold in retail outlets combined with an All India Service Network. In a service driven Industry, it is also pivotal for a Company to enhance the existing subscriber experience by constantly designing and offering services that match their dynamic needs. The strategy was to position Dish TV as a service led brand with the objective of meeting customer delight. With this endeavor, the Company introduced an exclusive Dish delight program to recognize its valuable subscriber base and benefit them with unique privileges such as Free relocation, Free upgrade, Express queue etc.

The challenges to the DTH Industry includes successful implementation of the Digitization process in phased manner, availability of satellite capacity due to ever rising demand of the content, competitive intensity, reasonable growth in Average Revenue Per User ('ARPU') and reasonable taxation structure.

## **SUBSIDIARY OPERATIONS**

### **Subsidiary in Singapore**

During the year under review, the name of Dish TV Singapore Pte. Limited, which was your Company's Wholly Owned Subsidiary ('WOS') in Singapore, was changed to Digital Network Distribution Pte. Limited on March 12, 2013.

Further, upon approval of the Board, the shareholding of your Company in Digital Network Distribution Pte. Ltd. (earlier known as Dish TV Singapore Pte. Ltd.) was divested consequent to which Digital Network Distribution Pte. Ltd. has ceased to be Subsidiary of your Company with effect from April 1, 2013. The said divestment was carried out in accordance with the provisions of Foreign Exchange Management (Transfer or issue of any Foreign Security), Regulations, 2004 and other applicable guidelines.

### **Subsidiary in Sri Lanka**

During the year under review, your Company, upon the approval of Board of Directors, incorporated a Joint Venture ('JV') Company with Satnet (Private) Limited, a DTH license holder in Sri Lanka, in the name and style of Dish T V Lanka (Private) Limited on April 25, 2012 with a paid up share capital of 1 million Sri Lankan Rupees. Your Company holds 70% in the JV Company and Satnet (Private) Limited holds 30% in the said JV Company. Your Company and Satnet (Private) Limited had entered into a JV agreement on April 24, 2012.

The Ministry of Corporate Affairs, Government of India had allowed general exemption to Companies from complying with Section 212 (8) of the Companies Act, 1956, provided such companies publish the audited Consolidated Financial Statements in the Annual Report. Your Board has decided to avail the said general exemption from applicability of provisions of Section 212 of the Companies Act, 1956, and accordingly, the Annual Accounts of the Subsidiaries of the Company as on March 31, 2013 viz. Digital Network Distribution Pte. Ltd. and Dish TV Lanka (Private) Limited are not being attached with the Annual Report of the Company and the specified financial highlights of these Subsidiary Companies are disclosed in the Annual Report, as part of the Consolidated Financial Statements of the Company. The audited Annual Accounts and related information of the Subsidiaries will be made available, upon request and shall also be open for inspection at the Registered Office of the Company, by any Shareholder.

As required under the Accounting Standard AS 21 – ‘Consolidated Financial Statements’, issued by the Institute of Chartered Accountants of India (‘ICAI’) and applicable provisions of the Listing Agreement with the Stock Exchange(s), the Financial Statements of the Company reflecting the Consolidation of the Accounts of its subsidiaries to the extent of equity holding in these Companies are included in this Annual Report.

#### **HOLDING COMPANY**

During the year under review, Direct Media Distribution Ventures Private Limited ceased to be the Holding Company of your Company. As on March 31, 2013, Direct Media Distribution Ventures Private Limited holds 48,17,86,397 fully paid up equity shares (aggregating to 45.24% of the share capital) of your Company.

#### **LISTING**

Your Company’s fully paid equity shares continue to be listed and traded on BSE Limited (‘BSE’) and the National Stock Exchange of India Limited (‘NSE’). Both these Stock Exchanges have nation-wide terminals and hence facilitates the shareholders/investors of the Company in trading the shares. The Global Depository Receipts (‘GDR’) of the Company are listed on the Luxembourg Stock Exchange. The Company has paid annual listing fee for the Financial Year 2013-14 to the Stock Exchanges and the annual custody fees to National Securities Depository Limited (‘NSDL’) and Central Depository Services (India) Limited (‘CDSL’), the Depositories of the Company.

#### **SHARE CAPITAL**

Upon the approval of the Shareholders, your Company increased its Authorized Share Capital from ₹ 135,00,00,000/- (Rupees One Hundred and Thirty Five Crores Only) divided into 135,00,00,000 Equity Shares of ₹ 1/- each to ₹ 150,00,00,000/- (Rupees One Hundred and Fifty Crores Only) divided into 150,00,00,000 Equity Shares of ₹ 1/- each on November 26, 2012. Your Company has made necessary filings and applications to the statutory authorities in this regard and requisite approvals have been received.

During the year, your Company issued and allotted 461,300 equity shares upon exercise of Stock Option by the Employees/Independent Directors of the Company pursuant to Employee Stock Option Scheme - 2007

(‘ESOP - 2007’) of the Company and these shares were duly admitted for trading on NSE and BSE.

During the Financial Year 2008-09, your Company had come up with Rights Issue of 518,149,592 equity shares of ₹ 1 each, issued at ₹ 22 per share (including premium of ₹ 21 per share), payable in three installments. Upon receipt of valid first and second call money, during the year under review, the Company converted 459,308 equity shares from 0.50 paid up to 0.75 paid up and 2,499,507 equity shares from 0.75 paid up to fully paid up.

Pursuant to the issue of further equity shares under ESOP and subsequent to conversion of partly paid equity shares, the paid up capital of your Company during the year has increased from ₹ 1,064,423,875 comprising of 1,061,701,440 equity shares of ₹ 1 each, fully paid up, 2,062,513 equity shares of ₹ 1 each, paid up ₹ 0.75 per equity share and 659,922 equity shares of ₹ 1 each, paid up ₹ 0.50 per equity share to ₹ 1,064,779,289.5 comprising of 1,064,662,247 equity shares of ₹ 1 each, fully paid up, 22,314 equity shares of ₹ 1 each, paid up ₹ 0.75 per equity share and 200,614 equity shares of ₹ 1 each, paid up ₹ 0.50 per equity share. As on March 31, 2013, the Company has not received the valid Second call on 22,314 partly paid equity shares and first and second call on 200,614 partly paid equity shares.

#### **RIGHT ISSUE OF SHARES & UTILISATION OF PROCEEDS THEREOF**

Out of the total Right Issue size of ₹ 113,992.91 Lakhs, the Company has received a sum of ₹ 113,959.03 Lakhs towards the Share Application and Call Money as at March 31, 2013, the details of which has been provided under the preceding heading.

The utilization of Rights Issue proceeds are placed before the Audit Committee of the Board on Quarterly and Annual basis. Further, the Company also provides the details of the utilization of Rights Issue proceeds to the Monitoring Agency on half yearly basis and furnishes the Monitoring Report to the Stock Exchanges.

The Board at its meeting held on May 28, 2009 approved to make changes in the manner of usage of right issue proceeds. The manner of utilization of rights issue proceeds as on March 31, 2013, is as under:

Particulars	Amount (₹ In Lacs)
Repayment of loans	28,421.44
Repayment of loans received after launch of the Rights Issue	24,300.00
General Corporate Purpose/ Operation Expenses	19,693.06
Acquisition of Consumer Premises Equipment (CPE) including leased CPE	26,000.00
Issue Expenses	544.52
<b>Total</b>	<b>98,959.03</b>

The Eighth (8<sup>th</sup>) Monitoring Report for Half Year period, July 2012 - December 2012 containing deviation from the original proposed expenditure plan and in accordance with the revised plan was recorded by the Audit Committee and the Board at their respective meetings and necessary compliance in this regard had been carried out.

#### GLOBAL DEPOSITORY RECEIPT

The Global Depository Receipt ('GDR') Offer of the Company for 117,035 GDRs at a price of US \$ 854.50 per GDR, each GDR representing 1,000 fully paid equity shares of the Company were fully subscribed by Apollo India Private Equity II (Mauritius) Limited. The underlying shares against each of the GDRs were issued in the name of the Depository - Deutsche Bank Trust Company Americas. As on March 31, 2013, 85,035 GDRs have remained outstanding, the underlying shares of which forms part of the existing paid up share capital of the Company.

The manner of utilization of GDR proceeds as on March 31, 2013, is as under:

Particulars	Amount (₹ In Lacs)
Assets purchases including CPE	7,669.88
Issue Expenses	344.63
Advance to Subsidiary	56.14
Repayment of Bank Loans	755.22
Operation Expenses	21,819.05
Less: Interest Earned	(439.94)
Bank Balances	22,266.15
<b>Total</b>	<b>52,471.13</b>

#### EMPLOYEE STOCK OPTION SCHEME

In compliance with the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, as amended from time to time, your Board had authorized the Remuneration Committee to administer and implement the Company's Employees Stock Option Scheme (ESOP - 2007) including deciding and reviewing the eligibility criteria for grant and/or issuance of stock options to the eligible Employees/Independent Directors under the Scheme. Further, your Board also constituted an ESOP Allotment Committee to consider, review and allot equity shares to the eligible Employees/Independent Directors exercising the stock options under the Employee Stock Option Scheme (ESOP - 2007) of your Company.

During the period under review, the Remuneration Committee of the Board granted 141,450 stock options at ₹ 68.10/- per stock option to the eligible employee as per the ESOP - 2007. The ESOP Allotment Committee of the Board, during the year, issued and allotted 461,300 fully paid equity shares, upon exercise of the stock options by eligible Employees/Independent Directors under the ESOP - 2007.

Applicable disclosures relating to Employees Stock Options as at March 31, 2013, pursuant to Clause 12 (Disclosure in the Directors' Report) of the SEBI (Employees' Stock Option Scheme and Employees' Stock Purchase Scheme) Guidelines, 1999 are given as 'Annexure A' to this Report.

A certificate to the effect that the ESOP - 2007 Scheme has been implemented in accordance with the SEBI Guidelines and as per the resolution passed by the members of the Company authorizing issuance of the said ESOP, as prescribed under Clause 14 of the said Guidelines has been issued by the Statutory Auditors of the Company. The said certificate shall be available for inspection at the Annual General Meeting of the Company and a copy of the same shall be available for inspection at the Registered Office of the Company.

#### PUBLIC DEPOSITS AND LOANS / ADVANCES

During the year under review, 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. Pursuant to Clause 32 of the Listing Agreement, the particulars of loans/advances given to Subsidiary Companies have been disclosed in the Annual Accounts of the Company.

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## **CORPORATE GOVERNANCE**

Your Company continues to practice the principles of good Corporate Governance over the years and lays strong emphasis on transparency, accountability and integrity. Your Company believes that pursuing good Corporate Governance practices is indispensable for sustaining any business and generate long term value for all of its Stakeholders. The Corporate Governance practice in place at your Company has a holistic view with value based governance aiming at and committed towards corporate social upliftment and social responsibility.

Your Company has documented internal governance policies and put in place a formalized system of Corporate Governance which sets out the structure, processes and practices of governance within the Company and serves as a guide for day to day business and strategic decision making in your Company.

Your Company is committed to benchmarking itself with global standards for providing good Corporate Governance. It has put in place an effective Corporate Governance System which ensures that the provisions of Clause 49 of the Listing Agreement are duly complied with. The Board has also evolved and adopted a Code of Conduct based on the principles of Good Corporate Governance and best management practices being followed globally.

Based on 'Corporate Governance Voluntary Guidelines 2009' issued by the Ministry of Corporate Affairs in December 2009, your Company has in place a Nomination Committee to *inter-alia* evaluate the current process of nominating / appointing Directors on the Board of the Company, formulating guidelines for evaluation of candidature of individuals for nominating and/or appointing as Director etc.

A separate detailed report on Corporate Governance pursuant to requirement of Clause 49 of the Listing Agreement together with Certificate issued by the Statutory Auditors of the Company on compliance of the same forms part of this Annual Report.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

Management Discussion and Analysis Statement for the year under review as provided under Clause 49 of the Listing Agreement with the Stock Exchanges in

India is separately attached hereto and forms a part of this Annual Report.

## **CORPORATE SOCIAL RESPONSIBILITY**

Corporate Social Responsibility ('CSR') is at the core of your Company's vision and mission which is achieved by focusing on the interest of the employees, customers and shareholders of your Company and the society at large. Your Company continues to strive for sustainability in its operations by promoting integration of CSR into the business strategy as well as its everyday functioning. Your Company aims at managing its business processes in such a way so as to produce an overall positive impact on the society.

As part of the Essel Group of Companies, your Company has at a unified and centralized level, put in place a Corporate Social Responsibility (CSR) policy which is based on a belief that a business cannot succeed in a society that fails and therefore it is imperative for business houses, to invest in the future by taking part in social-building activities.

During the year under review, Essel Group continued to support cause of Ekal Vidyalaya Foundation, an NGO that works to bring about basic literacy and health awareness amongst the tribal and rural population of India; Global Vipassana Foundation which helps propagate Vipassana, the non-sectarian rational process of self-purification with the aim of bringing about peace both within the individual and the society in general; and Global Foundation for Civilizational Harmony, a body which aims to create a peaceful and harmonious society.

## **POSTAL BALLOT**

During the year under review, your Company sought the approval of the Shareholders on the following matters, vide Postal Ballot Notice(s) dated August 9, 2012 and October 18, 2012. The said notices along with Postal Ballot Form and Business Reply Envelopes were duly sent to the Shareholders of your Company and your Company also offered E-Voting facility as an alternate option for voting by the Shareholders, which enabled them to cast their votes electronically, instead of Physical Postal Ballot Form. The results on the voting conducted through Postal Ballot process were declared on October 17, 2012 and November 26, 2012 respectively.

I. Resolutions passed on October 17, 2012 vide Postal Ballot Notice dated August 9, 2012

- Resolution 1 - Alteration of the 'Other Objects' clause of Memorandum of Association of the Company.
- Resolution 2 - Re-Appointment of Mr. Jawahar Lal Goel as the Managing Director of the Company.
- Resolution 3 - Consent under Section 314(1B) of the Companies Act, 1956 for revision in remuneration and terms of appointment of Mr. Gaurav Goel.
- Resolution 4 - Approval pursuant to Section 372A of the Companies Act, 1956.

II. Resolutions passed on November 26, 2012 vide Postal Ballot Notice dated October 18, 2012

- Resolution 1 - Increase of Authorised Share Capital of the Company and consequent change in Clause V of the Memorandum of Association of the Company relating to Share Capital.
- Resolution 2 - Amendments to Articles of Association of the Company.
- Resolution 3 - Increase In Foreign Investment Limits.
- Resolution 4 - Raising of Funds through further Issue of Securities.

The procedure prescribed under Section 192A of the Companies Act, 1956, read with the Companies (Passing of the Resolution by Postal Ballot) Rules 2011, was adopted for both the Postal Ballots.

Further, details related to the Postal Ballot procedure adopted, voting pattern and results thereof have been provided under the General Meeting Section of Corporate Governance Report.

#### **DIRECTORS**

During the year under review, Dr. Pritam Singh, Independent Non-Executive Director of your Company and Mr. Sanjay Hiralal Patel, Alternate Director to Mr. Mintoo Bhandari (Non-Executive Nominee Director) ceased to be the Directors of your Company due to their resignation from the Board with effect from October 1, 2012 and October 18, 2012 respectively.

Also, Mr. Utsav Bajjal was appointed as Alternate Director to Mr. Mintoo Bhandari with effect from October 18, 2012.

In accordance with the provisions of Companies Act, 1956, Mr. Subhash Chandra, Non-Executive Director and Mr. Eric Zinterhofer, Independent Non-Executive Director, will retire by rotation at the ensuing Annual General Meeting of your Company and being eligible, have offered themselves for re-appointment. Your Board has recommended their re-appointment in the overall interest of your Company.

A brief resume, nature of expertise, details of directorship in other Indian Public Limited Companies, of the Directors proposing their re-appointment, along with their shareholding in the Company as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges is included in the Report on Corporate Governance forming part of this Annual Report.

#### **AUDITORS**

The Statutory Auditors M/s B S R & Co., Chartered Accountants, Gurgaon, having Firm Registration No. 101248W, hold office until the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment.

Your Company has received confirmation from the Auditors to the effect that (i) their re-appointment, if made would be within the limits prescribed under Section 224(1B) of the Companies Act, 1956; (ii) that they are not disqualified for re-appointment within the meaning of Section 226 of the said Act and (iii) they have been provided a valid certificate from the Peer Review Board of the Institute of Chartered Accountants of India (ICAI).

#### **AUDITORS' REPORT**

The report of the Statutory Auditor of the Company contains qualification statement.

The response of the Management to the comment of the Statutory Auditor mentioned at serial number 4 of the Audit Report is as follows – The Lease rental is a financial transaction based on cost of fund, taxation and cash flow consideration. Depreciation is not directly linked with the lease period but it is more to do with life of the set top box, repair, maintenance and other service related issues. However, your Company has already put in place the process of charging depreciation and amortisation of lease rentals on Consumer Premises Equipment

['CPE'] in terms of the Accounting Standard - 19 from April 1, 2012. The lease rental and depreciation period is synchronised without any gap in recognition of both the items. Both of them are amortized/depreciated over a period of five years.

#### **COST AUDIT**

In compliance with The Companies (Cost Audit Report) Rules, 2011 and Cost Accounting Records (Telecommunication Industry) Rules, 2011 issued by the Central Government, your Company has re-appointed M/s Chandra Wadhwa & Co., Cost Accountants (Membership Number - 6797), as the Cost Auditor of your Company for carrying out the audit of cost accounts, cost records & cost statements and submission of Cost Audit Report & Compliance Report for the Financial Year 2012-13. The due date for submission of the Cost Audit Report and Compliance Report for the financial year 2012-13 is September 30, 2013.

For the Financial Year 2011-12, The Ministry of Corporate Affairs, Government of India vide its General Circular No. 2/2013 dated January 31, 2013 allowed the Companies to file their Cost Audit Report and Compliance Report for the Financial Year 2011-12 in eXtensible Business Reporting Language ('XBRL') mode, within 180 days from the close of the Financial Year or by February 28, 2013, whichever is later. In compliance with the same, your Company has duly submitted the Cost Audit Report along with requisite Annexures and attachments in XBRL mode with the Ministry of Corporate Affairs, Government of India on January 29, 2013.

Your Board, upon recommendation of the members of the Audit Committee, have approved the re-appointment of M/s Chandra Wadhwa & Co. as the Cost Accountant for the Financial Year 2013-14. M/s Chandra Wadhwa & Co. has furnished their consent, compliance certificate and affirmations pursuant to Sections 224(1B), 233B, 226(3) and 226(4) of the Companies Act, 1956.

#### **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNING AND OUTGO**

Your Company is in the business of providing Direct-to-Home ('DTH') services. Since the said activity does not involve any manufacturing activity, most of the 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, are not applicable.

However the information, as applicable, are given hereunder:

#### **Conservation of Energy:**

Your Company, being a service provider, requires minimal energy consumption and every endeavor is made to ensure optimal use of energy, avoid wastages and conserve energy as far as possible.

#### **Technology Absorption:**

In its endeavor to deliver the best to its viewers and business partners, your Company is constantly active in harnessing and tapping the latest and best technology in the Industry.

#### **Foreign Exchange Earnings and Outgo:**

Particulars of foreign currency earnings and outgo during the year are given in Note no. 30, 31 and 32 to the notes to the Accounts forming part of the Annual Accounts.

#### **HUMAN RESOURCE MANAGEMENT**

Long term development of human capital and strategic employment of retention tools is at the core of your Company's strategy. Your Company believes that its Employees are the most valuable assets and vital for the sustained growth of the Company. We at Dish TV, encourage innovation, meritocracy and the pursuit of excellence by setting up robust recruitment and human resource management policies.

Your Company has young and vibrant team of highly qualified professionals at all levels. To retain and develop these employees, your Company has been working with an objective to enhance employee competence through various initiatives and maximizing employee contribution towards the organizational goals.

The Management of your Company aims at developing such strategies that not only promise attraction of best talent in your Company but also ensures their retention by building trust and instilling devotion in the employees at all levels. Your Company aims to incorporate the planning and control of manpower resource into the corporate level plans so that all resources are used together in the best possible combination. Pay revisions and other benefits are designed in such a way to compensate for good

performance of the employees of your Company. Your Company has also put in place a feedback mechanism and has taken steps towards employee growth and sustaining high level of motivation amongst all.

#### **PARTICULARS OF EMPLOYEES**

Your Board wishes to extend its appreciation to all the employees of the Company for their contribution in the business of the Company during the year under review. The information required under Section 217(2A) of the Companies Act, 1956 ('Act') read with the Companies (Particulars of Employees) Rules, 1975, is required to be set out in an annexure to this report. However, in terms of Section 219(1)(b) of the Act, the Report and Accounts are being sent to the shareholders excluding the aforesaid annexure. Any shareholder interested in obtaining copy of the same may write to the Company Secretary at the Corporate Office of the Company. None of the employees, except Mr. Jawahar Lal Goel, mentioned in the said list are related to any Director of the Company.

#### **DIRECTORS' RESPONSIBILITY STATEMENT**

In terms of and pursuant to Section 217(2AA) of the Companies Act, 1956, as amended from time to time, in relation to the Annual Financial Statements for the Financial Year 2012-13, your Directors confirm the following:

- a) The Financial Statements have 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) Accounting policies selected were applied consistently and the judgments and estimates related to the Financial Statements have been made on a prudent and reasonable basis, so as to give a true and fair view of the state of affairs of the Company as at March 31, 2013, and of the profit or loss of the Company for the year ended on that date;
- c) Proper and sufficient care has been taken for maintenance of adequate accounting records in

accordance with the provisions of the Companies Act, 1956, to safeguard the assets of the Company and to prevent and detect fraud and other irregularities; and

- d) Adequate internal systems and controls are in place to ensure compliance of laws applicable to the Company.

#### **INDUSTRIAL OPERATIONS**

The Company maintained healthy, cordial and harmonious industrial relations at all levels. The enthusiasm and unstinting efforts of the employees have enabled your Company to remain at the leadership position in the Industry. It has taken various steps to improve productivity across the organization.

#### **ACKNOWLEDGEMENT**

It is our strong belief that caring for our business constituents has ensured our success in the past and will do so in future. Your Directors acknowledge with sincere gratitude the co-operation and assistance extended by the Central and State Governments, the Ministry of Information and Broadcasting ('MIB'), the Department of Telecommunication ('DOT') and Foreign Investment Promotion Board ('FIPB'), Ministry of Finance, the Telecom Regulatory Authority of India ('TRAI'), the Stock Exchanges - and other stakeholders including viewers, vendors, bankers, investors, service providers as well as other regulatory and government authorities.

Your Board also takes this opportunity to express its deep gratitude for the continued co-operation and support received from its valued stakeholders.

For and on behalf of the Board

**Jawahar Lal Goel**  
Managing Director

**Arun Duggal**  
Director

Place : Noida  
Date : 23 May 2013

## ANNEXURE 'A' TO DIRECTORS' REPORT

Statement as at March 31, 2013 pursuant to Clause 12 (Disclosure in the Directors' Report) of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, as amended from time to time.

S. No.	Particulars	Details		
		Date of Grant	No. of Options Granted	Exercise Price / Per Equity Share
A	Details of Options Granted and Exercise Price per option	August 21, 2007	3,073,050	₹ 75.20*
		April 24, 2008	184,500	₹ 63.25*
		August 28, 2008	30,000	₹ 37.55
		May 28, 2009	589,200	₹ 47.65
		October 27, 2009	160,900	₹ 41.45
		October 26, 2010	201,250	₹ 57.90
		January 21, 2011	837,050	₹ 58.95
		July 20, 2011	125,000	₹ 93.20
		July 19, 2012	141,450	₹ 68.10
B	Pricing formula	The pricing formula as approved by the Shareholders of the Company, shall be the "market price" as per the SEBI Guidelines, i.e. the latest available closing price prior to the date of grant of option at the Stock Exchange where there is highest trading volume		
C	Total number of Options Granted	5,342,400 (includes the lapsed options which were added back to the kitty)		
D	Total number of Options vested (includes options exercised)	1,554,700 (net options vested)		
E	Options exercised	1,477,780		
F	The total number of shares arising as a result of exercise of options	1,477,780		
G	Total number of options lapsed	2,580,330		
H	Variation of terms of options	Pursuant to approval dated August 28, 2008 of Remuneration Committee of the Board of Directors and Shareholders, the options granted on August 21, 2007 and April 24, 2008 were re-priced at ₹ 37.55 per option.		
I	Money realized by exercise of options	₹ 58,902,792.50		
J	Total number of options in force	1,284,290		
K	<b>Employee wise details of options granted (as on March 31, 2013):</b>			
	<b>(i) Senior managerial personnel</b>			
	<b>Name</b>	<b>Designation</b>	<b>No. of Options Granted</b>	<b>No. of Options outstanding</b>
	R C Venkateish	CEO	563,400	563,400
	Amitabh Kumar	President - Technology	164,700	-
	Rajiv Khattar	President - Projects	167,950	-
	Rajeev Kumar Dalmia	CFO	171,100	-
	Salil Kapoor	COO	142,950	57,180
	V K Gupta	COO	97,200	58,320
	<b>(ii) Any other employee(s) who received a grant in any one year of option amounting to 5% or more of options granted during the year</b>			
	<b>Name</b>	<b>Designation</b>	<b>No. of Options granted</b>	
	Abhay S. Metkar	Senior Vice President – Sales	141,450	

	(iii) identified employees who were granted options, during any year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant	None									
L	Diluted earning per share (EPS) pursuant to issue of shares on exercise of option calculated in accordance with Accounting Standard (AS – 20) 'Earning per share'	Please refer to Note no. 41 to the Standalone Financial Statements of the Company									
M	where the Company has calculated the employee compensation cost using the intrinsic value of the stock options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the options. The impact of this difference on profits and on EPS of the Company shall also be disclosed.	Date of Grant									
		21-Aug-07	24-Apr-08	28-Aug-08	28-May-09	27-Oct-09	26-Oct-10	21-Jan-11	20-Jul-11	19-Jul-12	
		Expenses accounted for during the period based on intrinsic value of the options	-	-	-	-	-	-	-	-	
		Additional Expense had the Company recorded the ESOP expense based on fair value of option (using Black Scholes method)	885,573	-	52,711	1,517,536	611,222	1,238,265	6,339,605	1,984,524	2,021,418
	Impact on profits and EPS in case of fair value method was employed for accounting of ESOP	EPS decrease by Re. 0.01 per share									

N	Weighted – average exercise prices and weighted – average fair values of options, separately for options whose exercise price either equals or exceeds or is less than the market price of the stock (Exercise Price has been revised which is equal to the market price of the Stock)	Date of Grant									
		21-Aug-07	24-Apr-08	28-Aug-08	28-May-09	27-Oct-09	26-Oct-10	21-Jan-11	20-Jul-11	19-Jul-12	
	Weighted – average exercise price (Pre re-pricing) (₹)	75.20	63.25	37.55	47.65	41.45	57.90	58.95	93.20	68.10	
	Weighted – average exercise price (Post re-pricing) (₹)	37.55	37.55	37.55	47.65	41.45	57.90	58.95	93.20	68.10	
	Weighted – average Fair Value (Pre re-pricing) (₹)	40.45	-	23.87	30.61	26.64	36.57	37.54	55.32	37.92	
	Weighted – average Fair Value (Post re-pricing) (₹)	21.49	-	23.87	30.61	26.64	36.57	37.54	55.32	37.92	
0	A description of the method and significant assumptions used during the year to estimate the fair value of options, including the following weighted – average information										
		Date of Grant									
		21-Aug-07	24-Apr-08	28-Aug-08	28-May-09	27-Oct-09	26-Oct-10	21-Jan-11	20-Jul-11	19-Jul-12	
	(i) risk-free interest rate	8.45%	-	8.48%	6.36%	7.35%	7.89%	8.01%	8.23%	8.06%	
	(ii) expected life (yrs.)	5	-	5	5	5	5	5	5	5	
	(iii) expected volatility	68.23%	-	68.23%	73.47%	71.72%	64.89%	63.65%	60.68%	54.32%	
	(iv) the price of the underlying share in the market at the time of option grant (₹)	75.20*	-	37.55	47.65	41.45	57.90	58.95	93.20	68.10	
	(v) expected dividends	The shares issued under stock options shall rank pari-passu, including the right to receive dividend. Expected dividend payouts to be paid during the life of the option reduce the value of a call option by creating drop in market price of the stock. Adjustments for known dividend payouts over the life of the option are made to the formulae under Black Scholes method. However, in the present case, as the life of the option is greater than one year, there is considerable difficulty in estimating the amount and time of future dividend payouts with certainty. Hence, future dividend payouts have not been incorporated in the valuation analysis.									

\* Re-priced at ₹ 37.55 on August 28, 2008

For and on behalf of the Board

**Jawahar Lal Goel**  
Managing Director

**Arun Duggal**  
Director

# ANNEXURE TO DIRECTORS' REPORT

## STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANIES

(₹ in Lacs)

1. Name of the Subsidiary Company	Digital Network Distribution Pte. Ltd. (Previously Dish TV Singapore Pte. Ltd.)	Dish T V Lanka (Private) Limited
2. Financial year of the Subsidiary Company ended on	31-Mar-2013	31-Mar-2013
3. Holding Company's interest	100%	70%
4. Shares held by the Holding Company in the Subsidiary	1 Equity Share of 1 SGD (₹ 41) fully paid up	70,000 Equity Share of LKR 10/- (₹ 0.43) fully paid up
5. The net aggregate amount of profit / (loss) of the Subsidiary so far as it concerns the members of the Holding Company and is dealt with in account of Holding Company:		
a) For the Financial Year ended on March 31, 2013	10	(36)
b) For the previous Financial Years of the Subsidiaries since it became a Subsidiary	(2)	NA
6. The net aggregate amount of profit / (loss) of the Subsidiary so far as it concerns the members of the Holding Company and is not dealt with in account of Holding Company:		
a) For the Financial Year ended on March 31, 2013	NIL	NIL
b) For the previous Financial Years of the Subsidiaries since it became a Subsidiary	NIL	NIL

For and on behalf of the Board

Place : Noida  
Date : 23 May 2013

**Jawahar Lal Goel**  
Managing Director

**Arun Duggal**  
Director