

## BOARD OF DIRECTORS

---

Subhash Chandra  
Jawahar Lal Goel  
Ashok Kurien  
Bhagwan Dass Narang  
Arun Duggal  
Eric Zinterhofer  
Lakshmi Chand  
Mintoo Bhandari  
Utsav Baijal

Chairman  
Managing Director  
Non-Executive Director  
Independent Director  
Independent Director  
Independent Director  
Independent Director  
Non-Executive Nominee Director  
Alt. Director to Mintoo Bhandari

---

Ranjit Singh

Company Secretary

B S R & Co., Gurgaon  
Chartered Accountants

Auditors

ICICI Bank  
Standard Chartered Bank  
State Bank of India  
Yes Bank  
Bank of India  
Central Bank of India  
Dena Bank  
IDBI Bank  
ING Vysya Bank  
Axis Bank

Bankers

Essel House  
B-10, Lawrence Road  
Industrial Area, Delhi – 110035, India  
Tel: +91-11-27156040/41/43  
Fax: +91-11-27156042

Registered Office

FC – 19, Sector 16A,  
Noida, UP – 201301, India  
Tel: +91-120-2599555/391  
Fax: +91-120-4357078

Corporate Office

Website: [www.dishtv.in](http://www.dishtv.in)

## CHAIRMAN'S MESSAGE

---

The year gone by has seen progressive improvements in the global macro environment especially towards the latter part of the year. The continued supportive actions by the Federal Reserve and ECB have acted to soothe the nerves of investors across the world, and the periodic crisis type situations which emerged over the last three years following the 2008 financial crisis have ebbed giving rise to hopes of stabilization in the Global economy.

Closer home, the RBI continued to fight its resolute battle against inflation preferring to sacrifice growth in the short term. Inflation remained stubbornly high through most part of the year, however it showed signs of coming down towards the end of the fiscal year. The macro economic situation remained

challenging in India with the consumer retrenching in the face of high cost of credit as well as high inflation. The good news however is that with inflation pressures giving signs of easing, monetary policy should follow suit soon and the dividends of the pain of the last few years in the form of high growth with low inflation is something we can eagerly look forward to.

The Broadcasting Industry during the course of the year witnessed momentous steps being taken by the Industry and the Government to entirely convert the analog infrastructure into digital as per the roadmap laid out under the Digital Addressable Systems (DAS) Regulations of the Government of India. Though implementations in many cities have left much to be still desired, and in many other states litigation has thwarted the progress, nonetheless the tide has finally turned and the move to a Digital India is now clearly unstoppable.

Your Company continued to be in the forefront of digitization achieving the highest share of Direct-to-Home (DTH) subscribers in the Phase I digitization markets of Delhi, Kolkatta, Chennai and Mumbai. Your Company continued to lead the way in innovation by launching India's first Standard Definition Recorder at an affordable price to the consumer. This Standard Definition Recorder is a unique product which brings the benefit of recording to the mass consumers for the first time and was enthusiastically lapped up by the consumers.

During the year, your Company also took the initiative to roll out its Service Network Pan India from a presence in around



---

200 cities earlier. This move represents a significant investment by the Company in putting the customer first and will dramatically improve the service quality across all top strata and across income groups.

Your Company continues to expand its distribution footprint and now reaches over 100,000 outlets for Set Top Boxes and its customers can recharge from over 25,000 outlets nationally. In keeping pace with the changing technological trends, your Company has made available payment solutions for recharge through the Interbank Mobile Payment Service (IMPS). This will allow customers to very easily recharge their subscription using a simple mobile phone. We continue to work to expand the availability of recharge facilities for our customers both directly and through third parties so that our customers have recharge facilities available anytime and anywhere.

During the year under review, your Company added 2.2 mn subscribers taking the total to 15 mn gross subscribers, retaining your platform as the third largest global provider of Direct-to-Home Satellite Services.

Total revenues of your Company grew 11 % to ₹ 2169 Crs. while subscription revenue which is the core revenue grew much faster at 16% over the prior year to ₹ 1922 Crs. EBITDA registered a strong increase of 16% over the prior year to close at ₹ 580 Crs.

I am also very pleased to share with you that your Company continued to generate operational Cash Flow for the full year. This is truly a landmark which demonstrates the robustness of our business model and reinforces Dish TV's position as not only the largest, but also the most profitable DTH operator in Business in India.

In a fitting recognition, the Internationally renowned business magazine Euromoney ranked Dish TV as the best managed media Company in all of Asia, in a poll conducted amongst over one hundred and fifty bankers, analysts and investment advisors across Asia.

At Dish TV today we have renewed the focus on creating value for all of our Stakeholders by focusing on profitable growth. The core metrics that we are focusing on revolve around quality, be it in subscriber acquisitions or in product delivery or in customer satisfaction. The Industry is in the process of maturing while still growing and the core emphasis on revenue growth and profitability that we have adopted in Dish TV will ensure that your Company will remain as the leader in content aggregation and delivery and will continue to be the Industry benchmark in value creation for all Stakeholders.

**Subhash Chandra**

**Chairman**

# INDEX

---

Notice of Annual General Meeting.....	05
Directors' Report .....	08
Statement pursuant to Section 212 of the Companies Act, 1956 .....	19
Corporate Governance Report .....	20
Shareholders' Information .....	40
Certification of Financial Statements of the Company .....	47
Management Discussion and Analysis .....	48
Independent Auditors' Report .....	51
Standalone Financial Statements.....	56
Standalone Cash Flow Statements .....	58
Consolidated Financial Statements.....	97
Financial Highlights of Subsidiary Companies .....	134

---

## **DISH TV INDIA LIMITED**

Regd. Office: Essel House, B-10, Lawrence Road Industrial Area, Delhi - 110 035

Corporate Office: FC-19, Sector-16A, Noida, U.P. - 201 301

## **NOTICE**

**Notice** is hereby given that the **25<sup>th</sup> Annual General Meeting** of the Members of Dish TV India Limited will be held at Dr. Sarvepalli Radhakrishnan Auditorium, Kendriya Vidyalaya No. 2, A. P. S. Colony, Delhi Cantt, New Delhi - 110 010, on Friday, the 23<sup>rd</sup> day of August, 2013, at 11:00 A.M. to transact the following businesses:

### **ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at March 31, 2013, the Statement of Profit & Loss Account of the Company for the Financial Year ended on that date on a stand alone and consolidated basis and the Reports of the Auditors' and Board of Directors' thereon.
2. To appoint a Director in place of Mr. Subhash Chandra, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Eric Louis Zinterhofer, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint M/s B S R & Co., Chartered Accountants, Gurgaon, having Firm Registration No. 101248W, as the Statutory Auditors of the Company to hold such office from the conclusion of this meeting until the conclusion of next Annual General Meeting at a remuneration to be determined by the Board of Directors of the Company.

By order of the Board

**Ranjit Singh**  
Company Secretary

Place : Noida

Date : 23 May 2013

### **Registered Office:**

Essel House, B-10,  
Lawrence Road Industrial Area,  
Delhi - 110 035

**NOTES:**

1. **A Member entitled to attend and vote at the meeting may appoint a proxy to attend and vote on a poll on his behalf. A proxy need not be a Member of the Company.**  
**Proxies, in order to be effective, must be received at the Registered Office of the Company not less than 48 hours before the commencement of the Annual General Meeting.**
2. Corporate Members are requested to send at the Registered Office of the Company, a duly certified copy of the Board Resolution, pursuant to Section 187 of the Companies Act, 1956, authorizing their representatives to attend and vote at the Annual General Meeting.
3. Members / Proxies should fill-in the attendance slip for attending the Meeting and bring their attendance slip along with their copy of the Annual Report to the Meeting.
4. In case of joint holders attending the meeting, only such joint holder who is higher in the order of name and attending the meeting, will be entitled to vote.
5. Members who are holding Company's shares in dematerialized form are required to bring details of their Depository Account Number for identification.
6. Brief details of all Directors including those proposed to be re-appointed, as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges in India, are provided in the Report of Corporate Governance, forming part of the Annual Report.
7. The Register of Members and Share Transfer Books of the Company will remain closed from Monday, August 19, 2013 to Wednesday, August 21, 2013 (both days inclusive).
8. Members desirous of obtaining any information / clarification concerning the accounts and operations of the Company are requested to address their queries in writing to the Company Secretary at least ten days before the Annual General Meeting, so that the information required may be made available at the Annual General Meeting.
9. Recognizing the spirit of the Green Initiative in Corporate Governance initiated by the Ministry of Corporate Affairs, the Company proposes to send Annual Report and other documents/notices to shareholders to the e-mail address provided to the Depository / Company. Shareholders are requested to register and/or update e-mail address with their respective Depository Participant or the Company to ensure that documents from the Company reach their preferred e-mail address.
10. All documents referred to in the accompanying Notice are open for inspection at the Registered Office of the Company on all working days, except Saturdays between 2 P.M. to 4 P.M. upto the date of the Annual General Meeting.
11. The statutory registers maintained under Sections 301 and 307 of the Companies Act, 1956 and the certificate from the auditors of the Company certifying that the Company's Stock Option Plan has been implemented in accordance with the SEBI (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999, and in accordance with the resolutions passed by the members in the General Meeting will be available at the venue for inspection by members.
12. While Members holding shares in physical form may write to the Company's Registrar and Share Transfer Agent i.e. Sharepro Services (India) Pvt. Ltd., Unit: Dish TV India Limited, 13AB, Samhita Warehousing Complex, Second Floor, Sakinaka Telephone Exchange Lane, Off Andheri Kurla Road, Sakinaka, Andheri (East), Mumbai 400 072, India, for changes, if any, in their address and bank mandates, members having shares in electronic form may inform such changes directly to their Depository Participant immediately.
13. The Securities Exchange Board of India has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore requested to submit PAN with their DP with whom they are maintaining their Demat Accounts. It has also been made mandatory for the transferee to furnish a copy of PAN to the Company / Company's Registrar and Share Transfer Agent for their registration of transfers and securities market transactions and off-market/ private transactions involving transfer of shares of listed Companies in physical form. Accordingly, members holding shares in physical mode should attach a copy of their PAN Card for every transfer request sent to the Company/ Company's Registrar and Share Transfer Agent.



- 
14. Members who hold shares in physical form in multiple folios in identical names or joint accounts in the same order of names are requested to send share certificates to the Company for consolidation into a single folio.
  15. Under Section 109A of the Companies Act, 1956, Shareholders are entitled to make nomination in respect of shares held by them in physical form. Shareholders desirous of making nominations are requested to send their requests in Form No. 2B in duplicate (which will be made available on request) to M/s. Sharepro Services (India) Pvt. Ltd.
  16. In all correspondences with the Company, members are requested to quote their account/folio numbers and in case their shares are held in the dematerialized form, they must quote their DP I.D. and Client I.D. No(s).
  17. Please note that due to strict security reasons, brief cases, eatables, bags and other belongings are not allowed inside the Auditorium.

By order of the Board

**Ranjit Singh**  
Company Secretary

Place: Noida  
Date: 23 May 2013

**Registered Office:**  
Essel House, B-10,  
Lawrence Road Industrial Area,  
Delhi - 110 035

#### **Important Intimation to Members**

As you all may be aware, the Ministry of Corporate Affairs (MCA) has undertaken a "Green Initiative in Corporate Governance" (Circular No. 17/2011 dated April 21, 2011 and Circular No. 18/2011 dated April 29, 2011) allowing paperless compliances by Companies through electronic mode, whereby the companies have been permitted to send notices / documents to its Shareholders through electronic mode to the registered e-mail addresses of Shareholders. Securities and Exchange Board of India (SEBI) vide its Circular No. CIR/CFD/DIL/2011 dated October 5, 2011, have also, in line with the aforesaid MCA circulars, permitted listed entities to supply soft copies of full annual reports to all those Shareholders who have registered their e-mail addresses for the purpose.

This move by the MCA and SEBI is a welcome measure since it will benefit the society at large through reduction in paper consumption and contribution towards a Greener Environment. In view of the Green Initiatives announced as above, the Company shall send all documents to Shareholders like General Meeting Notices (including AGM), Annual Reports comprising Audited Financial Statements, Directors' Report, Auditors' Report and any other future communication (hereinafter referred as "documents") in electronic form, in lieu of physical form, to all those Shareholders, whose e-mail address is registered with Depository Participant (DP) / Registrars & Share Transfer Agents (RTA) (hereinafter "registered e-mail address") and made available to us, which has been deemed to be the Shareholder's registered e-mail address for servicing documents including those covered under Section 219 of the Companies Act, 1956 (the Act) read with Section 53 of the Act and Clause 32 of the Listing Agreement executed with the Stock Exchanges. Physical copies of documents are also being provided to Shareholders who have sought the same.

To enable the servicing of documents electronically to the registered e-mail address, we request the Shareholders to keep their e-mail addresses validated/updated from time to time.

Please note that the Annual Report of the Company will also be available on the Company's website [www.dishtv.in](http://www.dishtv.in) for ready reference. Shareholders are also requested to take note that they will be entitled to be furnished, free of cost, the aforesaid documents, upon receipt of requisition from the Shareholder, any time, as a member of the Company.

## 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.

---

## **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		
A	Details of Options Granted and Exercise Price per option	Date of Grant	No. of Options Granted	Exercise Price / Per Equity Share
		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

# REPORT ON CORPORATE GOVERNANCE

---

Corporate Governance Policy of your Company seeks to align and synergize the Corporate Governance norms prescribed by various regulatory bodies with a view to adopt best governance practices leading to sustained growth of your Company embracing the inclusive growth and long term benefits for all its Stakeholders and the economy as a whole. Corporate Governance mainly involves the establishment of structures and processes, with appropriate checks and balances that enable the Board, as collegian, to discharge their responsibilities in a manner which is beneficial to all Stakeholders. Being a value driven organization, the Company envisages attainment of highest level of transparency, accountability and equity in all facets of its operations. Your Company strongly believes that Corporate Governance goes beyond the practices enshrined in the laws and is imbibed in the basic business ethics and values that needs to be adhered to in letter and spirit. Corporate Governance is the acceptance by management of the inalienable rights of Stakeholders as the true owners of the corporation and of their own role as trustees on behalf of the Stakeholders.

Strong leadership and effective Corporate Governance practices have been your Company's hallmark. Your Company firmly believes that maintaining the highest standards of Corporate Governance is imperative in its pursuit of leadership in the Direct-to-Home ('DTH') Industry. Your Company continues to focus its resources, strengths and strategies to achieve its vision of becoming true global leader in DTH Industry. Your Company further believes that a sound, transparent, ethical and responsible Corporate Governance framework essentially emanates from the intrinsic will and passion for good governance ingrained in the organization. This is ensured by taking ethical business decisions and conducting the business with a firm commitment to values, while meeting Shareholders' expectations. Your Company considers it an inherent responsibility to disclose timely and accurate information and places high emphasis on best business practices and standards of governance.

Your Company has laid strong foundation for making Corporate Governance a way of life by constituting a Board with a balanced mix of professionals with eminence and integrity from within and outside the business, forming a core group of top executives, inducting competent professionals throughout the organization and putting in place systems, processes and technologies to strengthen such foundation. In its effort to improve on the Corporate Governance practices, your Board has adopted a Corporate Governance Manual which serves as guide to various activities and decisions in the ordinary course of business. Through its Manual, the Company ensures that the Board of Directors are well informed and equipped to fulfill their overall responsibilities and to provide management with the strategic direction needed to generate long term Shareholders value. Further, the Corporate Governance policies are reviewed periodically to ensure their continuing relevance, effectiveness and responsiveness to the needs of our Stakeholders.

Your Company believes that sustainable Corporate Growth can be achieved by managing potential conflict of interests by putting in place a system of checks and balances between various Stakeholders. With a view to achieve that, the respective roles of the Board and the Senior Management and their relationship with others in the corporate structure needs to be identified and understood. With this understanding in mind, your Board exercises its fiduciary responsibilities in the widest sense of the term. In its endeavor to act as a trustee of the shareholders' capital, your Board performs a pivotal role in the governance system focusing on Good Governance in order to attain maximum value for the entire spectrum of its Stakeholders leading to long term benefits to the society at large. Our disclosures seek to match best practices in International Corporate Governance. We also endeavor to enhance long term Shareholders' value and respect minority rights in all our business decisions.

Your Company is fully compliant with the mandatory requirements of Clause 49 of the Listing Agreement formulated by the Securities and Exchange Board of India ('SEBI'). The Compliance Report on Corporate Governance of your Company is detailed hereunder:

## **BOARD OF DIRECTORS**

Dish TV's commitment to highest standards of Corporate Governance is backed by an independent, dynamic and fully informed Board and comprehensive processes and policies to enable transparency in our functioning. The day to day management of the Company is entrusted to the Key/Senior Management Personnel led by the

Managing Director who operates under the superintendence, direction and control of the Board. Your Board reviews and approves strategy and oversees the actions and performance of the management to ensure that the objective of improving Stakeholders' value is met.

The composition of the Board of Directors of your Company is in conformity with the relevant provisions of the Listing Agreement and the Companies Act, 1956. Half of your Board members, i.e. 4 (four) out of 8 (eight), are Independent Directors and the Audit, Remuneration and Selection Committees of the Board comprises of majority of Independent Directors.

**a) Composition of Board :**

In line with the best governance practices, your Company has adopted the policy of separating the Board's supervisory role from the executive management. Your Company has put in place an appropriate mix of Executive and Non-Executive Independent Directors to maintain the Independence of the Board and separate its functions of Governance and Management. Your Board reviews and approves strategy and oversees the actions and performance of the Management to ensure that the long-term objective of enhancing Stakeholder's value is met.

The Composition of Board as on March 31, 2013 is in conformity with Clause 49 of the Listing Agreement, laying down an optimal combination of Executive and Non-Executive Directors, with not less than 50 per cent of the Board comprising of Non-Executive Directors and at least one-half comprising of Independent Directors for a Board chaired by Non-Executive Promoter Director.

**Composition of the Board as at March 31, 2013**

Category of Directors	No. of Directors	% to Total No. of Directors
Executive Director	1	12.5
Non-Executive Independent Directors	4	50.0
Other Non-Executive Directors	3	37.5
<b>Total</b>	<b>8</b>	<b>100</b>

**b) Board Membership & Term :**

The Non-Executive Directors and Non-Executive Independent Directors of the Company are liable to retire by rotation and one third of the said Directors retire every year at the Annual General Meeting of the Company and if eligible, offer themselves for re-appointment.

**c) Board Meetings and Procedures :**

During the Financial Year 2012-13 under review, 7 (Seven) meetings of the Board were held on - May 16, 2012, May 29, 2012, July 19, 2012, August 9, 2012, October 18, 2012, January 22, 2013 and March 5, 2013. The intervening period between the Board Meetings were well within the time gap prescribed under the Companies Act, 1956 and Clause 49 of the Listing Agreement. The annual calendar of meetings is broadly determined at the beginning of each year. The Board meets at least once a quarter to review the quarterly performance and financial results of the Company.

Particulars of Directors, their attendance at the Annual General Meeting and Board Meetings held during the Financial Year 2012-13 and also their other directorships in Public Companies (excluding Directorships in Private Limited Companies, Foreign Companies and Section 25 Companies) calculated as per applicable provisions of the Companies Act, 1956 and membership of other Board Committees (excluding Remuneration Committee) as at March 31, 2013 are as under. None of the Directors on the Board of your Company are Members of more than ten Committees or Chairman of more than five Committees across all the Public Companies in which they are Directors.

Name of Director	Category	Attendance at:		No. of Directorships of other Public Companies	No. of Memberships of Board Committees**	
		Board Meetings (Total Seven Meetings)	24th AGM held on August 9, 2012		As Member	As Chairman
Subhash Chandra	PD,NED	2	Yes	5	-	-
Jawahar Lal Goel	PD, ED	7	Yes	4	1	-
Ashok Kurien	PD,NED	6	Yes	1	2	2
Bhagwan Dass Narang	NED,ID	6	Yes	8	7	3
Arun Duggal	NED,ID	5	Yes	6	2	2
Pritam Singh (Dr.)***	NED,ID	2	No	NA*****	NA	NA
Eric Louis Zinterhofer	NED,ID	-	No	-	-	-
Lakshmi Chand	NED,ID	7	Yes	-	1	-
Mintoo Bhandari	NED,ND	2	No	2	4	-
Sanjay Hiralal Patel****	ALT*	-	No	NA	NA	NA
Utsav Baijal*****	ALT*	1	NA	5	-	-

PD: Promoter Director

NED: Non-Executive Director

ED: Executive Director

ID: Independent Director

ND: Nominee Director

ALT: Alternate Director

\* Alternate Director to Mr. Mintoo Bhandari

\*\* Committee Membership details does not include Chairmanship of Committees as it has been provided separately. As per Clause 49 of the Listing Agreement, for reckoning the limit of Committee Chairmanships/Memberships, Audit Committee and Share Transfer and Investors Grievance Committee have been considered.

\*\*\* Dr. Pritam Singh, Independent Director on the Board of the Company, tendered his resignation with effect from October 1, 2012.

\*\*\*\* Mr. Sanjay Hiralal Patel resigned from the position of Alternate Director to Mr. Mintoo Bhandari {Non-Executive Nominee Director of Apollo India Private Equity II (Mauritius) Limited}, with effect from October 18, 2012.

\*\*\*\*\* Mr. Utsav Baijal was appointed as Alternate Director to Mr. Mintoo Bhandari (Non-Executive Nominee Director) in place of Mr. Sanjay Hiralal Patel with effect from October 18, 2012.

\*\*\*\*\* NA indicates that concerned person was not a Director on the Board on the relevant date.

The Board meeting dates for the entire Financial Year are scheduled in the beginning of the year and an annual calendar of meetings of the Board is set accordingly. The calendar of meetings is planned in such a manner that the time gap between two meetings does not exceed 4 months, as prescribed under applicable laws. Board meetings are generally held during such time of the end of the Quarter so as to *inter alia* incorporate announcement of Quarterly results. Also, in addition to the pre-scheduled meetings, additional Board meetings, as and when required, are convened by giving appropriate notice to deal with the business exigencies/urgencies/specific needs of the Company. Board meetings are generally held at the Corporate Office of the Company at Noida which are governed by a suitably structured agenda, timely made available to the Board Members. The Company Secretary in consultation with the Chairman / Managing Director plans the agenda of the Meetings well in advance and circulates the same along with the explanatory notes amongst the members of the Board in compliance with the prescribed Secretarial Standards in this regard to enable them to take informed decisions and to facilitate meaningful and focused discussions at the meetings. Any

Board Member may, in consultation with the Chairman, bring up any matter in addition to the matter provided in agenda for consideration by the Board. Senior Management Personnel are invited to the Board meetings to make requisite presentations on relevant issues or provide necessary insights into the operations / working of the Company and corporate strategies. Regular presentations are made at the Board and Committee Meetings, on business and performance updates of the Company, global business environment, business strategy and risks involved. To afford necessary insight into the working of the Company and for discussing corporate strategies, the Chief Executive Officer and Chief Financial Officer are invited to the Meetings. All information required to be placed before the Board of Directors and Committees thereof, as per Clause 49 of the Listing Agreement, are considered and taken on record / approved by the Board / Committees thereof. The Board regularly reviews Compliance status in respect of laws and regulations relevant to the Company.

**d) Brief Profile of Directors of the Company, including those to be re-appointed at the ensuing Annual General Meeting :**

- 1. Mr. Subhash Chandra**, Non-Executive Chairman of your Company and Promoter of Essel Group of Companies is among the leading lights of the Indian Industry. A self-made man, Mr. Chandra has consistently demonstrated his ability to identify new businesses and lead them on the path to success.

Mr. Chandra who is referred to as the Media Moghul of India, revolutionised the Television Industry by launching the country's first satellite Hindi channel Zee TV in 1992 and later the first private news channel, Zee News. The ZEE Network today has over 650 million viewers in 168 countries. His bouquet of businesses includes television networks (ZEE & ZNL), a newspaper chain (DNA), cable systems (Siti Cable), Direct-to-Home (Dish TV), Satellite Communications (Agrani and Procall), Theme parks (EsselWorld and Water Kingdom), Online gaming (Playwin), Education (Zee Learn), Flexible packaging (Essel Propack), Infrastructure Development (Essel Infraprojects) and Family Entertainment Centres (Fun Cinemas). Credited with tremendous business astuteness, Mr. Chandra has charted a course of growth and success, unparalleled in business history. All of Mr. Chandra's ventures are path-breaking in nature, be it the Essel Propack, which is the largest speciality packaging company in the world; Asia's largest amusement park Essel World; or the first satellite television in India (Zee TV).

Mr. Chandra has been recipient of numerous Industry awards and civic honors including (a) Entrepreneur of the year (Ernst & Young) in 1998; (b) Businessman of the Year (Business Standard) (1999); (c) Entrepreneur CEO of the Year (International Brand Summit) (1999); (d) Global Indian Entertainment Personality of the Year (FICCI) (2004); (e) Lifetime Achievement Award at the CASBAA Convention (2009); (f) Hall of Fame for continuing contribution to Industry in Entrepreneurs category at the INBA (2010); and (g) International Emmy Directorate Award (2011).

Mr. Chandra has made his mark as an influential philanthropist in India. He set up TALEEM (Transnational Alternate Learning for Emancipation and Empowerment through Multimedia), an organisation which seeks to provide access to quality education through distance and open learning. He is also the Chairman of Ekal Vidyalaya Foundation of India – a movement to eradicate illiteracy from rural and tribal India. The Foundation provides free education to nearly 1 million tribal children across 36,783 villages through one-teacher schools. He is also the moving force behind the Global Vipassana Foundation – a trust set up to help people raise their spiritual quotient.

Apart from the Company, Mr. Chandra holds directorship in five (5) other Indian Public Limited Companies viz., Zee Entertainment Enterprises Limited, Zee News Limited, Essel Propack Limited, Essel Infraprojects Limited and Siti Cable Network Limited.

Mr. Chandra does not hold any shares of the Company in his name as at March 31, 2013.

- 2. Mr. Jawahar Lal Goel**, was appointed as the Managing Director of your Company on January 6, 2007. He has been actively involved in the creation and expansion of the Essel Group of Industries. A prophet in pioneering the Direct-to-Home (DTH) services in India he has been instrumental in establishing Dish TV as a prominent brand with India's most modern and advanced technological infrastructure.



Mr. Goel led the initiatives of the Indian Broadcasting Foundation (IBF) as its president for four consecutive years from September '06 to September '10 and continues to be its active Board member. He is also on the Board of various committees and task forces set up by Ministry of Information & Broadcasting (MIB), Government of India, and continues to address several critical matters related to the Industry. He is a prime architect in establishing India's most modern and advanced technological infrastructure for the implementation of Conditional Access System (CAS) and Direct-to-Home (DTH) services through Head-end in the Sky (HITS) which is poised to bring about a revolution in the distribution of various entertainment and electronic media products in India in the ensuing months and years and would enormously benefit consumers (TV viewers).

Apart from the Company, Mr. Goel holds directorship in Four (4) other Indian Public Limited Companies viz., Chiripal Industries Ltd., Essel Infraprojects Ltd., Rankay Investment and Trading Company Ltd. and Zee-Turner Limited.

As on March 31, 2013, Mr. Goel holds 176,800 equity shares comprising of 0.02% of the paid up share capital in the Company.

3. **Mr. Bhagwan Dass Narang**, is an Independent Non-Executive Member of the Board of your Company. Mr. Narang is a Post Graduate in Agricultural Economics and brings with him 32 years of Banking experience. During this period, he also held the coveted position of the Chairman and Managing Director of Oriental Bank of Commerce. Mr. Narang has handled special assignments viz. alternate Chairmanship of the Committee on Banking procedures set up by Indian Banks Association for the year 1997-98, Chaired a panel on serious financial frauds appointed by RBI, Chaired a Panel on financial construction industry appointed by Indian Banks Association ('IBA'), appointed as Chairman of Governing Council of National Institute of Banking Studies & Corporate Management, elected member of Management Committee of IBA, Member of the Advisory Council of Bankers Training College (RBI) Mumbai, Chairman of IBA's Advisory Committee on NPA Management, CDR Mechanism, DRT, ARC etc., elected as a Fellow and Member of Governing Council of the Indian Institute of Banking & Finance, Mumbai, elected as Deputy Chairman of Indian Banks Association, Mumbai and recipient of Business Standard "Banker of the year" Award for 2004.

Apart from the Company, Mr. Narang holds directorship in Eight (8) other Indian Public Limited Companies viz., Shivam Autotech Ltd., Afcon Infrastructure Ltd., VA Tech Wabag Ltd., Revathi Equipments Ltd., Karvy Stock Broking Ltd., Lakshmi Precision Screws Ltd., Mayar Health Resorts Limited and Karvy Financial Services Limited.

As on March 31, 2013, Mr. Narang holds 6,000 equity shares comprising of 0.00% of the paid up share capital in the Company.

4. **Mr. Ashok Kurien**, is a Non-Executive Director on the Board of your Company. Mr. Kurien has been in the business of building brands for over 35 years, particularly in the fields of media and communications. An early bird, Ashok Kurien has the keen eye of driving start-ups in emerging businesses and guiding them to size and scale, such as TV, DTH, PR (Public Relations) and dot coms, where he invested and mentored, which have been resounding success stories. Mr. Kurien, a well known personality in the Advertising world, founded Ambience Advertising, one of most formidable creative powerhouse in its first decade. Ambience has come a long way, and was later sold to the Publicis Groupe. As a special advisor to the US \$ 7 billion Publicis Groupe, he assists their mergers and acquisitions for India. He is founder and promoter of various business ventures including Hanmer & Partners, one of India's top-three Public Relations Agencies; Livinguard Technologies Pvt. Ltd., the world's first self-disinfecting textiles technology, as well as a few other internet ventures.

Despite the great heights he has achieved in his career, Mr. Kurien has his feet firmly rooted to the ground. He believes in commitment to society and is involved with a number of charities, NGOs and social service organisations.

Apart from the Company, Mr. Kurien holds directorship in one (1) other Indian Public Limited Company viz., Zee Entertainment Enterprises Ltd.

As on March 31, 2013, Mr. Kurien holds 1,174,150 equity shares, comprising of 0.11% of paid up share capital in the Company.

5. **Mr. Arun Duggal**, is an Independent Non-Executive member of the Board of your Company. Mr. Duggal is a Mechanical Engineer from Indian Institute of Technology, Delhi, and holds an MBA from the Indian Institute of Management, Ahmedabad. Mr. Duggal is a visiting Professor at the Indian Institute of Management, Ahmedabad where he teaches a course on Venture Capital & Private Equity. He is an experienced International Banker and has advised companies and financial institutions on Financial Strategy, M&A and Capital Raising. He is a US National and Overseas Citizen of India. He was erstwhile Chairman of the American Chamber of Commerce, India. He was also on the Board of Governors of the National Institute of Bank Management.

Mr. Duggal had a 26 years career with Bank of America, mostly in the U.S., Hong Kong and Japan. His last assignment was as Chief Executive of Bank of America in India from 1998 to 2001. He is an expert in International Finance and from 1981-1990 he was head of Bank of America's (Oil & Gas) practice handling relationships with companies like Exxon, Mobil, etc. From 1991-94 as Chief Executive of BA Asia Limited, Hong Kong, he looked after Investment Banking activities for the Bank in Asia. In 1995, he moved to Tokyo as the Regional Executive, managing Bank of America's business in Japan, Australia and Korea. From 2001 to 2003 he was Chief Financial Officer of HCL Technologies, India.

Apart from the Company, Mr. Duggal holds directorship in Six (6) other Indian Public Limited Companies viz. Zuari Agro Chemicals Limited, Shriram City Union Finance Ltd., Shriram Transport Finance Co. Ltd., Shriram Capital Ltd., Info Edge (India) Ltd. and Adani Ports and Special Economic Zone Limited.

As on March 31, 2013, Mr. Duggal holds 6,000 equity shares comprising of 0.00% in the paid up share capital of the Company.

6. **Mr. Eric Louis Zinterhofer**, is an Independent Non-Executive member of the Board of your Company. Prior to co-founding Searchlight Capital Partners, L.P. in 2010, Mr. Eric was a senior partner at Apollo Management, L.P. ("Apollo") which he joined in 1998. In the last five years, Mr. Zinterhofer served on the Board of Directors of Affinion Group, Inc., IPCS Inc. and Unity Media GmbH. He is currently the Non-Executive Chairman of the Board of Charter Communications, Inc. and is also a member of the Board of Directors at Central European Media Enterprises Ltd., Hunter Boot Limited, Integra Telecom Inc., and Leo Cable LLC. From 1994-1996, Mr. Zinterhofer was a member of the Corporate Finance Department at Morgan Stanley Dean Witter & Co. From 1993-1994, he was a member of the Structured Equity Group at J.P. Morgan Investment Management. He graduated Cum Laude from the University of Pennsylvania with BA degrees in Honors Economics and European History and received his MBA Degree from the Harvard Business School.

Mr. Zinterhofer does not hold directorship in any other Indian Public Limited Companies.

As on March 31, 2013, Mr. Zinterhofer does not hold any shares in the Company.

7. **Mr. Lakshmi Chand**, is an Independent Non-Executive Director on the Board of your Company. Mr. Lakshmi Chand is a Post Graduate in M.A (Economics) from Punjab University and is a Law Graduate from Delhi University. He joined Indian Administrative Service, the country's Premier Civil Service, in 1969 and was assigned Uttar Pradesh Cadre. Mr. Lakshmi Chand held various important positions in the Government of Uttar Pradesh and in Government of India. During his 36 years of service he served both the Union Government and the State Government whereby he handled a variety of assignments both at the policy formulation level and at the implementation level. While at the State level, in addition to the usual assignments of SDM/DM/DIV Commissioner, he worked on the

posts of Secretary/Principal Tourism, Sugar Industry, CMD, UPSRTC and Chairman, Noida, Greater Noida, UPSIDC, UPFC, UP Nirman Nigam, UP Bridge Corporation, UP Textile Corporation etc. While at the Center he worked as Dy. Director (Admin) AIIMS, and Joint Secretary, Ministry of Development of Industrial Policy & Promotion. He retired as Secretary, Ministry of Development of North Eastern Region on July 31, 2005. He has widely travelled both in India & abroad. After retirement he joined the National Commission for Denotified, Nomadic & Semi-Nomadic Tribes as Member Secretary for 2 ½ years. He holds Directorship in Echelon Institute of Technology, Faridabad (Haryana).

Mr. Lakshmi Chand does not hold directorship in any other Indian Public Limited Companies.

As on March 31, 2013 Mr. Lakshmi Chand does not hold any shares in the Company.

8. **Mr. Mintoo Bhandari**, is a Non – Executive Nominee Director of Apollo India Private Equity II (Mauritius) Limited on the Board of your Company with effect from October 27, 2010. Prior to that he was on the Board of your Company as an Alternate Director to Mr. Eric Zinterhofer. Mr. Bhandari graduated with an SB in Mechanical Engineering from MIT and with an MBA from the Harvard Business School.

Mr. Bhandari is the Managing Director of AGM India Advisors Private Limited, the Indian Sub-Advisor to Apollo Management. Prior to AGM India Advisors Private Ltd., Mr. Bhandari was Managing Director of The View Group, an India-focused Private Equity Firm. He was an early participant in the sourcing, execution and development of transactions and enterprises which leveraged operating resources in India and has been integrally involved with approximately twenty such transactions, several of which were pioneering in their structure, strategy and timing. Mr. Bhandari was also previously a member of the private equity team, and later a manager of hedge fund capital at the Harvard Management Company which manages the endowment of Harvard University.

Mr. Bhandari holds directorship as Nominee Director in two (2) other Indian Public Limited Company viz., Welspun Corp Limited and Welspun Maxsteel Limited.

As on March 31, 2013, Mr. Bhandari does not hold any shares in the Company.

9. **Mr. Utsav Baijal**, is an Alternate Director to Mr. Mintoo Bhandari on the Board of your Company with effect from October 18, 2012. He is a Principal at Apollo Management International, having joined the firm in 2008. Mr. Baijal joined Apollo in its New York office and worked actively on distressed investments before moving to India in 2009. Prior to Apollo, Mr. Baijal was with the private equity group at Bain Capital in Boston, where he was focused on investments in the consumer and retail segments. Mr. Baijal spent five years with McKinsey & Company and was the founding member of that firm's corporate finance practice in India. He worked extensively on corporate M&A assignments in India, Hong Kong and China. Mr. Baijal graduated summa cum laude from St. Stephen's College, University of Delhi with a BA in economics. He also completed his MBA from Indian Institute of Management, Ahmedabad, where he was an Industry Scholar.

Mr. Baijal holds directorship in five (5) other Indian Public Limited Companies viz., Welspun Corp Limited, Welspun Maxsteel Limited, Welspun Infratech Limited, Welspun Energy Limited and Welspun Tradings Limited.

As on March 31, 2013, Mr. Baijal does not hold any shares in the Company.

#### (e) **Code of Conduct :**

In conformity with the Clause 49 of the Listing Agreement, the Company has adopted a Code of Conduct for the Board and the Senior Management of the Company. The Board and Senior Management Personnel annually affirm the compliance of such Code of Conduct. The Code has also been posted on Company's website viz. [www.dishtv.in](http://www.dishtv.in).

All the members of the Board and the Senior Management have affirmed compliance to the said Code of Conduct during the Financial Year ended March 31, 2013. A declaration signed by the Managing Director of

the Company in terms of the requirement under the Listing Agreement affirming compliance with the Code of Conduct by the members of the Board and Senior Management Personnel is given below:

**Declaration pursuant to Clause 49 I (D) (ii) of the Listing Agreement**

I confirm that the Company has obtained from all Directors and Senior Management Personnel of the Company their affirmation of compliance with the 'Code of Conduct for Members of the Board and Senior Management' of the Company for the Financial Year ended March 31, 2013.

**Jawahar Lal Goel**  
Managing Director  
Noida, May 23, 2013

**BOARD COMMITTEES**

Your Board has constituted Committees to focus on specific areas and make informed decisions within the authority delegated to each of the Committees. Each Committee of the Board is guided by its terms of reference, which is in compliance with applicable laws and which defines the scope, powers and composition of the Committees. All decisions and recommendations of the Committees are placed before the Board either for information or for review and approval. Relevant details pertaining to the Audit Committee, Remuneration Committee, Selection Committee, Share Transfer and Investors Grievance Committee, Budget Committee and ESOP Allotment Committee are as detailed hereunder.

**a) Audit Committee**

**Composition:** The Audit Committee of the Board of your Company has been constituted in compliance with the Section 292A of the Companies Act, 1956 read with Clause 49 of the Listing Agreement with the Stock Exchanges. It consists of 5 (Five) members as on March 31, 2013, three of whom are Independent Directors, with Mr. B D Narang, a Non-Executive Independent Director, as its Chairman. All members of the Committee are financially literate and possess accounting and related financial management expertise.

During the year under review, Dr. Pritam Singh, Independent Director on the Board of your Company, tendered his resignation with effect from October 1, 2012. Accordingly, the Audit Committee was reconstituted and Mr. Lakshmi Chand, Independent Director of your Company was appointed as member of the Audit Committee with effect from October 1, 2012.

Further, Mr. Sanjay Hiralal Patel resigned from the position of Alternate Director to Mr. Mintoo Bhandari {Non-Executive Nominee Director of Apollo India Private Equity II (Mauritius) Limited}, with effect from October 18, 2012. In place of Mr. Sanjay Hiralal Patel, Mr. Ustav Baijal was appointed as Alternate Director to Mr. Mintoo Bhandari with effect from the said date.

As on March 31, 2013, the Audit Committee comprised of the following members:

Name of the Director	Designation	Category	Date of the Appointment in the Committee
B.D. Narang	Chairman	Non-Executive Independent	January 6, 2007
Arun Duggal	Member	Non-Executive Independent	January 6, 2007
Ashok Kurien	Member	Non-Executive - Promoter	February 1, 2009
Mintoo Bhandari	Member	Non-Executive - Nominee	October 27, 2010
Lakshmi Chand*	Member	Non-Executive Independent	October 1, 2012

\* Appointed as a member of the Committee with effect from October 1, 2012

**Primary Objective:** The Primary Objective of the Audit Committee of your Company is to assist the Board in effective supervision of the financial reporting processes to ensure proper disclosure of financial statements and reporting practices of your Company and its credibility and compliance with the Accounting



Standards, Stock Exchanges and other legal and regulatory requirements. Its key purpose is to analyze the management financial reporting process in order to ensure specific, timely and proper disclosure and transparency, integrity and quality of financial reporting. The Committee oversees the work carried out in the financial reporting process by the Management, the Internal Auditors and the Independent Auditors, and notes the processes and safeguards employed by each of them.

The functions and powers of the Audit Committee are as provided in Clause 49 of the Listing Agreement with Stock Exchanges and Section 292A of the Companies Act, 1956.

#### **Terms of Reference:**

The terms of reference of the Audit Committee *inter alia* include:

- Overseeing of Company's financial reporting process and disclosure of its financial information;
- Review with the management, quarterly and annual financial statements;
- Review of Related Party Transactions;
- Review of Company's financial and risk management policies;
- Review with the Management, Statutory and Internal Auditors, adequacy of internal control systems;
- Review of financial statements, investment, minutes and related party transactions of Subsidiary Company(s);
- Reviewing, with the Management, the quarterly financial statements before submission to the Board for approval;
- Recommend to the Board the appointment, re-appointment and removal of the Statutory Auditor and Chief Internal Auditor, Cost Auditor and fixation of their remuneration;
- Discussion with Statutory Auditors about the nature and scope of audit as well as post audit discussion to ascertain any area of concern and internal control weaknesses observed by the Statutory Auditors;
- Reviewing with the Management, the Annual Financial Statements before submission to the Board in relation to items to be included for compliance of Section 217(2AA) of the Companies Act, 1956, compliance with listing and other requirements and qualifications in the Draft Audit Report, if any;
- Discussion of Internal Audit Reports with Internal Auditors and significant findings and follow up there on and in particular internal control weaknesses and reviewing the adequacy of internal audit function;
- Reviewing with the Management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the Monitoring Agency monitoring the utilization of proceeds of the public or right issue, and making appropriate recommendations to the Board to take up steps in this matter;
- Review the functioning of the Whistle Blower Mechanism;
- Carrying out all other functions as are mentioned in the terms of reference of the Audit Committee;

Additionally, the Audit Committee of your Board reviews the Management Discussion and Analysis of financial conditions and results of operations of the Company; Management letters issued by the Statutory Auditors and Internal Audit Reports prepared and presented by the Internal Auditors.

Audit Committee Meetings are generally attended by the Managing Director, Chief Executive Officer, Chief Financial Officer and the Statutory Auditors of the Company. The Representative of Internal Auditors and Cost Auditors of the Company are invited to attend and participate in the Audit Committee Meetings. The Company Secretary acts as the Secretary of the Audit Committee.

#### **Internal Audit**

Your Company appointed M/s S. S. Kothari Mehta & Co., as its Internal Auditor for the FY 2012-13. The Company's system of internal controls covering financial, operational, compliance, IT, HR, Service, etc., are



reviewed by the Internal Auditors from time to time and in addition to the same presentations are made by them before the Audit Committee on quarterly basis covering few functions of the organization at a time.

Your Company's Audit Committee *inter alia*, reviews the adequacy of internal audit function, the internal audit reports and reviews the internal control processes and systems. The Audit Committee is provided necessary assistance and information to render its function efficiently.

### 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 for the Financial Year 2011-12 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.

### Audit Committee Meetings

During the year under review, the Audit Committee met at least once in each quarter and the maximum time gap between two Audit Committee Meetings did not exceed the limit prescribed in Clause 49 of the Listing Agreement. The Committee met five (5) times i.e. on May 16, 2012, July 19, 2012, October 18, 2012, January 22, 2013 and March 5, 2013. The necessary quorum was present for all the meetings held during the year.

### Attendance at Audit Committee Meetings:

Names of the Committee Members	Meeting Details			Whether attended last AGM (Y/N)
	Held during the tenure of Director	Attended	% of Total	
B.D. Narang	5	4	80	Y
Arun Duggal	5	4	80	Y
Pritam Singh (Dr.)*	5	1	20	N
Ashok Kurien	5	5	100	Y
Mintoo Bhandari	5	2	40	N
Lakshmi Chand**	5	3	60	Y
Utsav Baijal***	5	1	20	NA****

\* Ceased to be a member of the Committee with effect from October 1, 2012

\*\* Appointed as member of the Committee with effect from October 1, 2012

\*\*\* Appointed as Alternate Director to Mr. Mintoo Bhandari with effect from October 18, 2012

\*\*\*\* NA indicates that the concerned person was not a Director on the Board at the relevant date

Mr. B.D. Narang, Chairman of the Audit Committee was present at the 24<sup>th</sup> Annual General Meeting of the Company held on August 9, 2012, to answer the Shareholder queries.

**b) Remuneration Committee**

**Composition:** The Remuneration Committee of the Board comprises three (3) Non-Executive Directors, all of whom are Independent Directors. Mr. B. D Narang, Non-Executive Independent Director, is the Chairman of the Committee. The Company Secretary is the Secretary of the Committee.

During the year under review, Dr. Pritam Singh, Independent Director on the Board of your Company, tendered his resignation with effect from October 1, 2012. Accordingly, the Remuneration Committee was reconstituted and Mr. Lakshmi Chand, Independent Director of your Company was appointed as member of the Committee with effect from October 1, 2012.

The Composition of the Remuneration Committee as on March 31, 2013 is as under:

Name of the Director	Designation	Date of the Appointment in the Committee
B.D. Narang	Chairman	January 6, 2007
Arun Duggal	Member	January 6, 2007
Lakshmi Chand*	Member	October 1, 2012

\* Appointed as member of the Committee w.e.f. October 1, 2012

**Terms of Reference:** The broad terms of reference of the Committee *inter alia* include reviewing the overall compensation policy, service agreements and other employment conditions of Senior Management and Executive Director(s) of your Company. The Committee has the powers to determine and recommend to the Board the amount of remuneration, compensation and perquisites payable to the Executive Directors and Senior Management. The Board, in turn, ensures that the remuneration and compensation is well within the overall limit specified by the Companies Act, 1956, subject to the approval of the shareholders, where necessary.

Additionally the Remuneration Committee has been vested with the powers for administration and implementation of Employees Stock Option Scheme – 2007, including matters with respect to review and grant of options to the eligible employees under the Scheme.

During the year under review, Three (3) Remuneration Committee Meetings were held on the following dates – May 16, 2012, July 19, 2012 and August 9, 2012.

**Attendance at Remuneration Committee Meetings**

Names of the Committee Members	Meeting Details		
	Held during the tenure of Director	Attended	% of Total
B.D. Narang	3	3	100
Arun Duggal	3	2	66
Pritam Singh (Dr.)*	3	2	66
Lakshmi Chand**	3	NA***	NA

\* Ceased to be a member of the Committee with effect from October 1, 2012

\*\* Appointed as member of the Committee with effect from October 1, 2012

\*\*\* NA indicates that the concerned person was not a Director on the Board at the relevant date

Remuneration Committee Meetings are generally attended by the Managing Director and Chief Financial Officer of the Company.

Remuneration paid to the Managing Director during the year:

Name	Position	Remuneration (₹) Salary and Allowances	Employer's Contribution to Provident Fund (₹)
Jawahar Lal Goel	Managing Director	7,757,559	417,925

Mr. Jawahar Lal Goel, Managing Director of your Company has been re-appointed with effect from January 6, 2013 for period of 3 years in terms of Special Resolution passed by the Shareholders through the Postal Ballot Mechanism with requisite majority of votes on October 17, 2012, and upon the approval of the Ministry of Corporate Affairs ('MCA'), Government of India, as per applicable provisions of the Companies Act, 1956. The Company had duly applied to the MCA for obtaining their approval for re – appointment of Mr. Jawahar Lal Goel as Managing Director of the Company. The MCA, vide its approval letter no. B56516156 / 2 / 2012 – CL – VII dated December 5, 2012, has approved the re – appointment of Mr. Goel for a period of three years with effect from January 6, 2013, at a remuneration of ₹ 90,00,000 per annum.

#### Remuneration to Non-Executive Directors:

During the Financial Year 2012-13, the Non-Executive Directors were paid sitting fee of ₹ 20,000/- for each meeting of the Board of Directors and ₹ 15,000/- for each Committee meeting, attended by them which is within the permissible limits prescribed by Section 310 of the Companies Act, 1956, read with Rule 10B of the Central Government (General Rules and Forms) 1956.

Particulars of Sitting Fees paid to Non-Executive Directors of the Company for Financial Year 2012-13 are as under:

S. No.	Name of Director	Sitting Fees (₹)*
1	Subhash Chandra	40,000
2	B D Narang	240,000
3	Ashok Kurien	285,000
4	Arun Duggal	190,000
5	Pritam Singh (Dr.)	85,000
6	Eric Zinterhofer	Nil
7	Lakshmi Chand	320,000
8	Mintoo Bhandari	85,000
9	Sanjay Hiralal Patel	Nil
10	Utsav Baijal	35,000

At the Board Meeting held on August 28, 2008, the below mentioned four Non-Executive Independent Directors were granted 7,500 Stock Options each (convertible into equivalent number of Equity Shares of ₹ 1 each of the Company) at an exercise price equivalent to Market Price, in terms of Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, as on the date of grant of Option i.e. ₹ 37.55 per Stock Option.

Particulars of Stock Options Granted to the Non-Executive Directors and exercised/outstanding as at March 31, 2013 is as under:

Name of the Directors	Category	No. of options granted	Options Vested	Options Exercised
B. D. Narang	Non-Executive Independent	7500	6000	6000
Pritam Singh (Dr.)*	Non-Executive Independent	7500	6000	-
Arun Duggal	Non-Executive Independent	7500	6000	6000
Eric Zinterhofer	Non-Executive Independent	7500	6000	-

\* Options granted to Dr. Pritam Singh lapsed upon his resignation from the Board on October 1, 2012

During the year, no new Stock Options have been granted to the Directors under ESOP - 2007 Scheme of the Company.

The Non-Executive Independent Directors of the Company do not have any other material pecuniary relationships or transactions with the Company or its Directors, Senior Management, Subsidiary or Associate, other than in normal course of business.

As on March 31, 2013, the Non-Executive Directors of your Company held the following shares in the Company:

Name of the Non – Executive Directors	No. of Shares held
Subhash Chandra	Nil
B. D. Narang	6,000
Arun Duggal	6,000
Ashok Kurien	1,174,150
Eric Zinterhofer	Nil
Mintoo Bhandari	Nil
Lakshmi Chand	Nil

#### c) Selection Committee

**Composition:** The Selection Committee of the Board comprises of Mr. B.D Narang, Non-Executive Independent Director, Mr. Lakshmi Chand, Non-Executive Independent Director and Mr. Barun Das as an outside expert as members of the Committee.

The said Committee had been constituted pursuant to provisions of Section 314 (1B) of the Companies Act, 1956, read with Director's Relatives (Office or Place of Profit) Amendment Rules, 2011 to evaluate the process of selecting and appointing a Director or a relative of Director to hold any office or place of profit in the Company which carries a total monthly remuneration of not less than ₹ 2,50,000/- per month.

**Meetings & Attendance during the year:** During the year under review, the Committee met once on August 9, 2012 to consider and approve the change in terms and conditions of appointment of Mr. Gaurav Goel, Senior Managerial Personnel of the Company, under Section 314 (1B) of the Companies Act, 1956. The Meeting was attended by all the members of the Committee.

#### d) Share Transfer and Investors Grievance Committee

**Composition:** The Share Transfer and Investors Grievance Committee of the Board comprises of Mr. Ashok Kurien, Non-Executive Director as the Chairman and Mr. Jawahar Lal Goel, Managing Director as its Member. The Company Secretary is the Secretary to the Committee.

The Committee is vested with the power to approve and review all matters connected with transfer of shares of the Company and to oversee quick and efficacious resolution of Investor complaints. The primary role of the Committee is to build Investor relations, by supervising and ensuring efficient and judicious transfer of shares and proper and timely attendance of Investors' grievances like transfer of shares, non-receipt of balance sheet, etc. The Committee has delegated the power of approving transfer, transmission, rematerialization, dematerialization, split of shares, consolidation, etc. of shares of the Company to the officials of the secretarial department.

Mr. Ranjit Singh, Company Secretary is the Compliance Officer of the Company.

**Meeting and attendance during the year:** During the period under review, Share Transfer and Investors Grievance Committee met (4) four times i.e. on May 16, 2012, July 19, 2012, October 18, 2012 and January 22, 2013. The meetings were attended by all the members of the Committee.

**Details of number of requests/complaints received and resolved during the year ended March 31, 2013, are as under:**

Nature of Correspondence	Received	Replied/Resolved	Pending
Non Receipt of Shares	0	0	-
Non Receipt of Annual Report	6	6	-
Non Receipt of Dividend Payment	9	9	-
Non Receipt of Fractional Payment	0	0	-
Non Receipt of confirmation on Call Money	0	0	-
Complaint lodged with SEBI	6	6	-
Complaint lodged with ROC	0	0	-
Complaint lodged with NSE/BSE	4	4	-
<b>Total</b>	<b>25</b>	<b>25</b>	<b>Nil</b>

**e) Budget Committee**

**Composition:** The Budget Committee was constituted on January 22, 2010 and presently comprises of Mr. Jawahar Lal Goel, Managing Director, Mr. Minto Bhandari, Non-Executive Nominee Director, and Mr. Ashok Kurien, Non-Executive Director as its members.

The Committee is entrusted with the power to consider, review and approve the Company's Annual Budget and Business Plan, and recommend the same to the Board of Directors and to review, ratify and approve variation(s) in any particular revenue budgeted line item from the approved budget for that particular item. The Company Secretary is the Secretary to the Committee and the Chief Financial Officer of the Company is a permanent invitee to the Committee.

**Meeting and attendance during the year:** During the period under review, the Budget Committee met once on March 5, 2013. The meeting was attended by all the members.

**f) ESOP Allotment Committee**

**Composition:** The ESOP Allotment Committee was constituted on October 26, 2010 and comprises of Mr. Jawahar Lal Goel, Managing Director, Mr. Ashok Kurien, Non-Executive Director and Mr. Lakshmi Chand, Non-Executive Independent Director as its members. The primary objective of the Committee is to process and facilitate allotment of Equity Shares, from time to time, upon exercise of Stock Options granted under ESOP Scheme – 2007 of your Company.

Mr. Ranjit Singh, Company Secretary of the Company acts as Secretary to the Committee.



During the year eight (8) ESOP Allotment Committee Meetings were held on April 24, 2012, June 25, 2012, August 9, 2012, August 27, 2012, September 20, 2012, October 9, 2012, November 17, 2012 and December 27, 2012.

#### Attendance at ESOP Allotment Committee Meetings

Names of the Committee Members	Meeting Details		
	Held during the tenure of Director	Attended	% of Total
Jawahar Lal Goel	8	8	100
Lakshmi Chand	8	8	100
Ashok Kurien	8	1	12.5

In addition to the above, your Board has constituted the following Committees:

1. **Finance Committee** to facilitate monitoring and expediting fund raising process of the Company, from time to time, as may be required. The Finance Committee comprises of Mr. Jawahar Lal Goel, Managing Director, Mr. Arun Duggal, Non-Executive Independent Director and Mr. Ashok Kurien, Non-Executive Director. The primary function of the Finance Committee is to consider and approve financing facilities offered and/or sanctioned to the Company by various Banks and/or Indian Financial Institutions from time to time, in the form of Term Loans, Working Capital Facilities, Guarantee Facilities, etc., including the acceptance of terms and conditions of such facilities being offered.
2. **Corporate Management Committee** comprising of Key Executives including the Managing Director and CEO of the Company, to review, approve and/or grant authorities for managing day-to-day affairs of the Company within the limits delegated by the Board.
3. **Cost Evaluation & Rationalization Committee** to evaluate various options to rationalize the cost and work out the ways to increase the productivity / enhance the Average Return. Cost Evaluation & Rationalization Committee comprises of senior executives including the Managing Director as its members.
4. **Nomination Committee** comprising of Mr. Subhash Chandra as Chairman and Mr. Ashok Kurien, Non-Executive Director and Mr. Lakshmi Chand, Non-Executive Independent Director as members, with a view to determine and recommend (a) appropriate criteria, expertise and skills for the Board membership of the Company; (b) the framework for evaluation of performance of the Board and the Directors; and (c) recommend appointment of Directors.

Your Board has provided for detailed guidelines on constitution, quorum, scope and procedures to be followed by these Committees in discharging their respective functions. Minutes of the proceedings of each Committee meetings held are circulated to the Board Members along with agenda papers and are placed for record by the Board at its subsequent Meeting.

#### RELATIONSHIP BETWEEN DIRECTORS INTER-SE

Mr. Subhash Chandra, Non-Executive Director and Chairman of the Board and Mr. Jawahar Lal Goel, Managing Director are related as brothers. Apart from them, no other Directors, are, in any way related.

#### MANAGEMENT DISCUSSION AND ANALYSIS

A detailed report on Management Discussion and Analysis is provided separately as a part of this Annual Report.

#### SHAREHOLDERS DISCLOSURE REGARDING RE-APPOINTMENT OF DIRECTORS

According to the Articles of Association of the Company one-third of the Non-Executive Directors retire by rotation and, if eligible, may request for their re-appointment at the Annual General Meeting. As per the provisions of the Companies Act, 1956, Mr. Subhash Chandra, Non-Executive Director and Mr. Eric Louis Zinterhofer, Non-Executive Independent Director, retire at the ensuing Annual General Meeting and being eligible, have offered their re-appointment as Directors of the Company. The Board has recommended the re-appointment of the retiring Directors.

## AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

As enunciated by Clause 49 of the Listing Agreement, the Statutory Auditors' Certificate is annexed in this Annual Report.

## CEO/ CFO CERTIFICATION

In terms of the provisions of Clause 49 (V) of the Listing Agreement with the Stock Exchanges, the CEO/CFO certification by the Managing Director and the Chief Financial Officer of your Company is annexed in this Annual Report.

## GENERAL MEETINGS

The 25<sup>th</sup> Annual General Meeting of the Company for the Financial Year 2012 – 13 will be held at 11:00 A.M. on Friday, August 23, 2013, at Dr. Sarvepalli Radhakrishnan Auditorium, Kendriya Vidyalaya No. 2, A.P.S. Colony Delhi Cantt, New Delhi – 110 010.

**Details of Annual General Meetings held during last 3 years are as follows:**

Financial year Ended	Date & Time	Venue	Special Resolution Passed
March 31, 2012	Thursday, August 9, 2012, 1100 Hrs	NCUI Auditorium, 3, Siri Institutional Area, August Kranti Marg, New Delhi – 110 016	None
March 31, 2011	Tuesday, August 30, 2011, 1130 Hrs	NCUI Auditorium, 3, Siri Institutional Area, August Kranti Marg, New Delhi – 110 016	Appointment of Mr. Gaurav Goel relative of Mr. Jawahar Lal Goel, Managing Director and Mr. Subhash Chandra, Chairman, to hold an office or place of profit as 'Zonal Head – Delhi Zone' of the Company
March 31, 2010	Thursday, December 16, 2010, 1130 Hrs	Seven Seas, B-28, Ring Road, Lawrence Road, Industrial Area, Delhi -110 035.	Appointment of Mr. Gaurav Goel, to hold an office or place of profit of or in Integrated Subscriber Management Services Limited;  Raising of Long Term Funds upto USD 200 Million, through issue of Securities including through the QIP and / or GDR and / or ADR and / or FCCB and / or Preferential issue, subject to applicable SEBI Regulations, provisions under Section 81(1A) of the Companies Act, 1956 and the relevant permissions;  Power to Board of Directors for creation of mortgage and / or charge on all or any of Company's immovable and / or movable assets, both present and future, pursuant to Section 293(1)(a) of the Companies Act, 1956.

All the above Special Resolutions were passed with requisite majority.

None of the Resolutions proposed at the ensuing Annual General Meeting needs to be passed by Postal Ballot in terms of Section 192A of the Companies Act, 1956, read with the Companies (Passing of the Resolution by Postal Ballot) Rules 2011.

## POSTAL BALLOT

During the year under review, your Company sought the approval of the Shareholders through the Postal Ballot Mechanism for the below mentioned Resolutions proposed by the Company vide Postal Ballot Notice(s) dated

August 9, 2012 and October 18, 2012. The Postal Ballot was conducted in terms of the procedure provided under Section 192A of Companies Act, 1956 read with Companies (Passing of the Resolution by Postal Ballot) Rules, 2011, as amended from time to time. The results on the voting conducted through Postal Ballot process were declared on October 17, 2012 and November 26, 2012. The Resolutions passed and the voting pattern of each such Resolution is mentioned hereunder:

**I. Resolutions passed on October 17, 2012 and Voting Pattern thereof**

S. No.	Particulars of Resolution	% of Votes	
		In favour	Against
1.	Special Resolution under Section 17 of the Companies Act, 1956 for Alteration of Sub Clause C of Clause III of Memorandum of Association of the Company by insertion of New Clause No. 124 and approval under Section 149(2A) of the Act for commencing business embodied in the newly inserted Other Objects.	99.9994	0.0006
2.	Special Resolution under Section 198, 269, 309, 310, 311 read with Schedule XIII of the Companies Act, 1956 for re-appointment of Mr. Jawahar Lal Goel as Managing Director of the Company for a period of 3 years effective January 6, 2013.	99.9984	0.0016
3.	Special Resolution under Section 314(1B) of the Companies Act, 1956 for revision in terms and remuneration of Mr. Gaurav Goel (relative of Chairman and Managing Director), upon his appointment as 'Executive Vice President – Business Development and Strategy' with effect from November 1, 2012.	99.9982	0.0018
4.	Special Resolution under Section 372A of the Companies Act, 1956 to make Loans / Investments or give Guarantee or provide any Security up to a limit of ₹ 70 Crores in Dish TV Lanka (Private) Limited over and above the limits prescribed under the said Section.	99.9972	0.0028

The result of the Postal Ballot was declared on October 17, 2012, and published in "Business Standard" (English all edition) and "Business Standard" (Hindi Delhi edition) on October 18, 2012.

**II. Resolutions passed on November 26, 2012 and Voting Pattern thereof**

S. No.	Particulars of Resolution	% of Votes	
		In favour	Against
1.	Ordinary Resolution under Section 16, 94 and other applicable provisions of the Companies Act, 1956 for increase of Authorised Share Capital of the Company from Rs. 135 Crores to Rs. 150 Crores and consequent change in Clause V of the Memorandum of Association of the Company.	99.9958	0.0042
2.	Special Resolution under Section 31 and other applicable provisions of the Companies Act, 1956 for amendment in the Articles of Association of the Company to provide for participation in Board Meetings, Committee Meetings, General Meeting(s) and Postal Ballot and service of documents to the Members, through permitted e-mechanism.	99.9993	0.0007
3.	Special Resolution under all the applicable provisions including the provisions of Foreign Exchange Management Act, 1999 and the rules framed there under, the Companies Act, 1956 or such other applicable laws, rules, regulations, guidelines, notifications, circulars (including Press Note 7 (2012 Series) dated September 20, 2012 issued by the Department of Industrial Policy & Promotion, Ministry of Commerce & Industry, Government of India) for increase in Foreign Investment limit in the Company.	99.9989	0.0011
4.	Special Resolution under Section 81 (1A) of the Companies Act, 1956 for Raising of funds upto USD 200 Million through issue of further capital.	98.0535	1.9465

The result of the Postal Ballot was declared on November 26, 2012, and published on "Business Standard" (English all edition) and "Business Standard" (Hindi Delhi edition) on November 27, 2012.

### **Procedure followed for Postal Ballots :**

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.

In compliance with aforesaid provisions, your Company offered E-Voting facility as an alternate/option, for voting by the Shareholders, in addition to the option of physical voting, to enable them to cast their votes electronically instead of dispatching Postal Ballot Form. Each Shareholder/Member had to opt for only one mode for voting i.e. either by Physical Ballot or by E-Voting. In case of Shareholder(s)/Member(s) who casted their vote via both modes i.e. Physical Ballot as well as E-Voting, voting done through a valid Physical Postal Ballot Form was treated as prevailing over the E-Voting of that Shareholder/Member.

Mr. Jayant Gupta, Jayant Gupta & Associates, Practicing Company Secretary was appointed as the Scrutinizer to conduct the Postal Ballot processes.

### **DISCLOSURES :**

#### **(a) Basis of Related Party Transactions :**

A statement in summary form of transactions with related parties in the ordinary course of business, details of material individual transactions with related parties which are not in the normal course of business and details of material individual transactions with related parties which are not on an arm's length basis are required to be placed before the Audit Committee.

During the Financial Year 2012-13, there were no materially significant related party transactions i.e. transactions material in nature, between the Company and its Promoters, Directors or Management or their relatives etc. having any potential conflict with interests of the Company at large. The Company places all the relevant details before the Audit Committee and the Board on Quarterly and Annual Basis.

#### **(b) Risk Management :**

Your Company has put in place procedures and guidelines to inform the Board members about the risk assessment and minimization procedures. Such procedures are periodically reviewed in light of industry dynamics to ensure that executive management controls risk through means of a properly defined framework.

The Company has a comprehensive risk management policy and the same is periodically reviewed by the Board of Directors. The Risk Management and Internal Control is discussed in detail in the Management Discussion and Analysis that forms a part of this Annual Report.

#### **(c) Proceeds from public issues, rights issues, preferential issues etc. :**

In terms of Clause 49 IV (D) of the Listing Agreement, if a Company raises any Capital during the year through an issue (public issues, rights issues, preferential issues etc.), then it shall disclose to the Audit Committee, the uses/applications of funds on a Quarterly basis as a part of their quarterly declaration of financial results. Further, on an Annual basis, the Company shall prepare a statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and place it before the Audit Committee till such time that the full money raised through the issue has been fully spent. This statement shall be certified by the Statutory Auditors of the Company. Furthermore, where the Company has appointed a Monitoring Agency to monitor the utilization of proceeds, it shall place before the Audit Committee the Monitoring Report of such agency.

As per the disclosure requirements required under Clause 49 IV (D) of the Listing Agreement, the Utilization of Rights Issue proceeds is placed before the Board and Audit Committee on Quarterly and Annual basis. The Utilization of Right Issue proceeds is duly certified by the Statutory Auditors on Half Yearly basis and Annual basis. The Monitoring Report issued by the Monitoring Agency for the period July 2012 to December 2012 containing the report on the revised manner of utilization of Right Issue proceeds, as approved by the Board, was placed before the Audit Committee and the Board and the same was recorded by the

Committee and the Board at their respective meetings and necessary compliance in this regard have been carried out. Similarly, the utilization of proceeds arising out of GDR proceeds are also placed before the Audit Committee and Board on Quarterly and Annual basis.

**(d) Details of non-compliance by the company, penalties, strictures imposed on the Company by Stock Exchange or SEBI or any statutory authority**

There has not been any non-compliance by the Company and no penalties or strictures have been imposed by SEBI or Stock Exchanges or any other statutory authority on any matter relating to capital markets, during the last three years.

**(e) Whistle Blower Policy**

The Company promotes ethical behavior in all its business activities and has put in place a mechanism of reporting illegal or unethical behavior. The Company has laid down a Whistle Blower Policy and the employees aware of any alleged wrongful conduct are encouraged to make a disclosure to the Audit Committee. In terms of the said policy, no personnel has been denied access to the Audit Committee of the Board.

**(f) Audit Qualification**

Management responses on the Audit qualifications have been duly provided in the Directors' Report.

**COMPLIANCE WITH NON-MANDATORY REQUIREMENTS OF CLAUSE 49 OF THE LISTING AGREEMENT**

The Company confirms that it has complied with all mandatory requirements of Clause 49 of the Listing Agreement. In addition to the above, the Company has complied with the following non-mandatory requirements of Clause 49 of the Listing Agreement as detailed hereunder:

- 1. Remuneration Committee** - The Company has set up Remuneration Committee comprising of three Non-Executive Directors, to recommend/review overall compensation policy, service agreements and other employment conditions of Senior Management and Executive Director(s). Further Mr. B.D. Narang, Chairman of the Remuneration Committee is present at the Annual General Meeting to answer the Shareholder's query.
- 2. Whistle Blower Policy** - The Board of Directors of the Company approved the Whistle Blower Policy, pursuant to which employees can raise concern relating to unethical behavior, fraud/malpractice whether actual or suspected, violation of the Company's Code of Conduct, or any other untoward activity or event which is against the interest of the Company and / or its Stakeholders before the Audit Committee / Company Secretary. The policy seeks to provide necessary safeguards for protection of employees from reprisals or victimization, for whistle blowing in good faith. This mechanism has been appropriately communicated within the organization.
- 3. Code for Prevention of Insider Trading Practices** - The Company has instituted a comprehensive Code of Conduct for Prevention of Insider Trading for its Directors / Officers and Employees in compliance with the SEBI (Prohibition of Insider Trading) Regulations, 1992 as amended from time to time. The code lays down guidelines which advise them on the procedures to be followed and disclosures to be made, while dealing with shares of the Company and cautioning them on the consequences of violations.
- 4. Reconciliation of Share Capital Audit** - As a measure of good Corporate Governance practice, your Company appointed a qualified Practicing Company Secretary to conduct Share Capital Audit. The said audit was carried out to reconcile the total admitted Equity Share Capital with the National Securities Depository Limited ('NSDL') and the Central Depository Services (India) Limited ('CDSL') and the total issued and listed Equity Share Capital as per Clause 55A(1) of SEBI (Depositories and Participants) Regulations, 1996. The Share Capital Audit Report confirms that the total issued / paid-up capital is in agreement with the total number of Shares in physical form and the total number of dematerialized shares held with NSDL and CDSL. The same is submitted by the Company to the Stock Exchanges within 30 days of the end of each Quarter.



---

## MEANS OF COMMUNICATION

The Company had timely and without delay reported every significant information relevant to the Company including declaration of Quarterly and Annual financial results, press releases, etc. to the Stock Exchanges where the securities of the Company are listed. Such information has also been simultaneously displayed in the investor info section on the Company's corporate website i.e. [www.dishtv.in](http://www.dishtv.in). The Quarterly, Half Yearly and Annual Financial Results including other statutory information were duly communicated to the shareholders through advertisement in an English daily viz. 'Business Standard' and in a vernacular language newspaper viz. 'Business Standard' in compliance with the requirements stated in the Listing Agreement with the Stock Exchanges.

Official press releases and presentations made to institutional investors or to the analysts are displayed on Company's corporate website, [www.dishtv.in](http://www.dishtv.in). Further, the Company ensures that the hard copies of the said disclosures and correspondences are timely filed with the Stock Exchanges.

Your Company has been regularly uploading information related to its financial results and other communications on the online portal NEAPS (National Electronic Application Processing System), a web based filing system designed by the National Stock Exchange of India Limited (NSE).

## GENERAL SHAREHOLDER INFORMATION

The necessary information is provided in Shareholders' Information Section of this Annual Report.

---

## AUDITORS' CERTIFICATE

To,  
The Members of  
**Dish TV India Limited**

We have examined the compliance of conditions of Corporate Governance by Dish TV India Limited ("the Company") for the year ended March 31, 2013, as stipulated in Clause 49 of the Listing Agreement with the Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor efficiency or effectiveness with which the management has conducted the affairs of the Company.

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

**Kaushal Kishore**  
Partner  
Membership No. 090075

Place: Gurgaon  
Date: 23 May 2013

## SHAREHOLDERS' INFORMATION

This section *inter alia* provides information pertaining to the Company, its shareholding pattern, means of dissemination of information, share price movements and such other information in terms of Point no. 9 of Annexure IC of Clause 49 of the Listing Agreement relating to Corporate Governance.

### A. Annual General Meeting

Date	: Friday, August 23, 2013
Venue	: Dr. Sarvepalli Radhakrishnan Auditorium, Kendriya Vidyalaya No. 2, A.P.S. Colony, Delhi Cantt, New Delhi - 110010
Time	: 11.00 A.M
Last date of receipt of Proxy Form	: Wednesday, August 21, 2013 (Before 11.00 A.M at the Registered Office of the Company)
Book Closure	: Monday, August 19, 2013 to Wednesday, August 21, 2013 (both days inclusive)

### B. Financial Year : 2012-13

### C. Registered Office:

Essel House, B-10, Lawrence Road Industrial Area, Delhi -110 035  
Tel: +91-11-27156040/41/43, Fax: + 91-11-27156042, Website: www.dishtv.in

### D. Address for Correspondence:

FC – 19, Sector 16A, Noida – 201 301 U.P., India  
Tel: + 91 -120-2599555/391, Fax: +91-120-435 7078

**Investor Relation Officer:** Mr. Ranjit Srivastava - Dy. Company Secretary  
Dish TV India Limited, FC-19, Sector 16 A, Noida - 201 301, U.P., India  
Tel: +91-120-2599555/391, Fax: +91-120-435 7078

**Exclusive E-Mail ID for Investor Grievances:** Pursuant to Clause 47(f) of the Listing Agreement, the following e-mail id has been designated for communicating investors' grievances: investor@dishtv.in

### E. Listing details of Equity Shares:

The Equity Shares are at present listed at the following Stock Exchanges:

Name of the Stock Exchanges	Stock Code / Symbol (Fully Paid Shares)
National Stock Exchange of India Limited (NSE) Exchange Plaza, 5th Floor, Plot No. C/1, G Block, Bandra-Kurla Complex, Bandra (E), Mumbai - 400 051	DISHTV
BSE Limited (BSE) Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 023	532839

**ISIN at NSDL / CDSL: INE 836 F 01026 (Equity shares of ₹ 1 each, fully paid up)**

### F. GDRs Details

During the Financial Year 2009-10, Global Depository Receipt (GDR) Offer of the Company for 117,035 GDRs opened for subscription at a price of US \$ 854.50 per GDR representing 1000 fully paid Equity Shares. Upon subscription of the GDR, the Company issued and allotted 117,035,000 fully paid Equity Shares of ₹1 each underlying Global Depository Receipts ("GDRs") on November 30, 2009. 117,035 Global Depository Receipts have been listed on the Euro MTF market since December 1, 2009. 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 detail of the GDRs and listing thereof is as under:

<b>Listed at</b>	Societe DE LA Bourse De Luxembourg Société Anonyme, 11, Av De La Porte – Neuve, L-2227, Luxembourg
<b>Overseas Depository</b>	Deutsche Bank Trust Company Americas Trust & Securities Services Global Equity Services - Depository Receipts 60 Wall Street, MS NYC60-2727 New York, NY 10005
<b>Domestic Custodian</b>	ICICI Bank Ltd. Securities Markets Services Empire Complex, 1st Floor, 414, Senapati Bapat Marg, Lower Parel, Mumbai 400 013, India
<b>ISIN code / Trading Code</b>	US25471A1043
<b>Common Code</b>	045051439
<b>Payment of Fee</b>	Annual Service fee for the calendar year 2012 has been paid by the Company

**Market Data relating to GDRs Listed on Luxembourg Stock Exchange:**

Luxembourg Stock Exchange (figures in USD)			
Month	Monthly Closing (Maximum)	Monthly Closing (Minimum)	Average
April 2012	1,297.70	1,115.80	1,190.50
May 2012	1,128.00	1,013.90	1,064.17
June 2012	1,142.40	1,008.00	1,048.30
July 2012	1,291.60	1,163.55	1,237.44
August 2012	1,345.90	1,168.45	1,277.00
September 2012	1,561.15	1,187.55	1,388.11
October 2012	1,609.80	1,334.00	1,461.49
November 2012	1,445.70	1,321.55	1,385.11
December 2012	1,502.60	1,372.30	1,434.83
January 2013	1,455.25	1,349.35	1,406.21
February 2013	1,393.30	1,169.25	1,295.49
March 2013	1,303.05	1,123.05	1,219.95

**G. Corporate Identity Number (CIN) : L51909DL1988PLC101836**

**H. Registrar & Share Transfer Agent:**

Shareholders may correspond with the Registrar & Share Transfer Agents at the following address for all matters related to transfer/dematerialization of shares and any other query relating to Equity Shares of your Company:

**Sharepro Services (India) Pvt. Ltd.**

Unit: Dish TV India Ltd.

13AB, Samhita Warehousing Complex, Second Floor,

Sakinaka Telephone Exchange Lane,

Off Andheri Kurla Road, Sakinaka

Andheri (East), Mumbai – 400 072

Tel: +91-22- 67720300/67720400 Fax: +91 22 28591568 / 28508927

Email: sharepro@shareproservices.com

---

**I. Listing Fee:**

Company has paid listing fees upto March 31, 2014 to the National Stock Exchange of India Ltd. ("NSE") and BSE Limited ("BSE")

**J. Change of Address**

Members holding Equity Shares in physical form are requested to notify the change of address, if any, to the Company's Registrar & Share Transfer Agent, at the address mentioned above. Members holding Equity Shares in dematerialised form are requested to notify the change of address, if any, to their respective Depository Participant (DP).

**K. Service of Documents Through E-mail**

The Ministry of Corporate Affairs (MCA) has vide its Circular Nos. 17/2011 and 18/2011 dated April 21, 2011 and April 29, 2011, has initiated a "Green Initiative in Corporate Governance" by allowing service of documents on members of a Company through electronic mode.

The said Circulars clarify that a Company will be deemed to have complied with the provisions of Section 53 and 219(1) of the Companies Act, 1956, in case documents like Notice, Annual Report etc are sent in electronic form to its Shareholders subject to compliance with the conditions stated therein. Accordingly for FY 2011-12, your Company had sent the Notice and Annual Reports in electronic mode to its Shareholders at their respective e-mail ids.

Further in an attempt to upkeep the spirit of Green Initiative as spelt out by MCA, your Company will be sending the Notice and Annual Report for the Financial Year 2012-13 in electronic form to the members whose e-mail address have been made available to the Company by the Depositories, in terms of the said circulars.

Members holding shares in electronic form but who have not registered their e-mail address (including those who wish to change their already registered e-mail id) with their DP yet and members holding shares in physical form are requested to register their e-mail address with their DP / Company, as the case may be.

Members who have registered their e-mail address with their DP / the Company but wish to receive the said documents in physical form are requested to write to the Company at investor@dishtv.in duly quoting their DP ID and Client ID / Folio No., as the case may be, to enable the Company to record their decision.

Please note that a Shareholder of the Company is entitled to receive on request, a copy of the said documents, free of cost in accordance with the provisions of the Companies Act, 1956.

**L. Shareholders' Correspondence/Complaint Resolution**

We ensure reply to all communications received from the Shareholders within a period of 7 working days. All correspondence may be addressed to the Registrar & Share Transfer Agent at the address given above. In case any Shareholder is not satisfied with the response or do not get any response within reasonable period, they may approach the Investor Relation Officer at the address given above.

The Investors' complaints are also being resolved by your Company through the Centralized Web Base Complaint Redressal System 'SCORES' (SEBI Complaints Redress System) initiated by Securities and Exchange Board of India (SEBI). The salient features of SCORES are availability of centralized data base of the complaints, uploading online action taken reports by the Company. Through SCORES the investors can view online, the actions taken and current status of the complaints.

**M. Share Transfer System**

Equity Shares sent for physical transfer or for dematerialisation are registered and returned within a period of 15 days from the date of receipt of completed and validly executed documents. Shares under objection are returned within two weeks. The Share Transfer Committee has delegated the power for transfer etc, of the shares to the Compliance Officer of the Company who consider the transfer proposals generally on a fortnightly basis. SEBI

vide its circular no. MRD/DoP/Cir-05/2009 dated May 20, 2009 clarified that for securities market transactions and off-market/ private transactions involving transfer of shares in physical form of listed companies, it shall be mandatory for the transferee(s) to furnish copy of PAN card to the Company/RTAs for registration of such transfer of shares. The Company and its RTA is complying with the aforesaid provisions.

As per the requirement in Clause 47(c) of the Listing Agreement, certificate on Half Yearly basis confirming due compliance of share transfer formalities by the Company as received from the Practicing Company Secretary was submitted to the Stock Exchanges within stipulated time.

#### **N. Unclaimed Shares**

Pursuant to Clause 5A of the Listing Agreement (as amended in December 2010), details in respect of the physical shares, which were issued by the Company from time to time, and lying in the Suspense Account, is as under:

<b>Description</b>	<b>Number of Shareholders</b>	<b>Number of Equity Shares</b>
Aggregate number of Shareholders and the outstanding shares in the Suspense Account as at April 1, 2012	134	75591
Fresh undelivered cases during the Financial Year 2012-13	-	-
Number of Shareholders who approached the Company for transfer of shares from Suspense Account till March 31, 2013	8	5750
Number of Shareholders to whom shares were transferred from the Suspense Account till March 31, 2013	8	5750
Aggregate number of Shareholders and the outstanding shares in the Suspense Account lying as on March 31, 2013	126	69841

The voting rights on the shares outstanding in the Suspense Account as on March 31, 2013 shall remain frozen till the rightful owner of such shares claims the shares. In compliance with the said requirements, these shares will be transferred into one folio in the name of 'Unclaimed Suspense Account' in due course.

#### **O. Investor Safeguards:**

In order to serve you better and enable you to avoid risks while dealing in securities, you are requested to follow the general safeguards as detailed hereunder:

- **Demat your Shares**

Members are requested to convert their physical holding to demat / electronic form through any of the nearest Depository Participants (DPs) to avoid the hassles involved in the physical shares such as possibility of loss, mutilation etc., and also to ensure safe and speedy transaction in securities. The trading of shares of the Company is permitted in dematerialized mode only.

- **Consolidate your multiple folios**

Members are requested to consolidate their shareholding held under multiple folios to save them from the burden of receiving multiple communications.

- **Register Nomination**

To help your successors get the share transmitted in their favor, please register your nomination. Member(s) desirous of availing this facility may submit nomination in Form 2B. Member(s) holding shares in dematerialized form are requested to register their nominations directly with their respective DPs.



- **Prevention of frauds**

We urge you to exercise due diligence and notify us of any change in address / stay in abroad or demise of any Shareholder as soon as possible. Do not leave your demat account dormant for long. Periodic statement of holding should be obtained from the concerned DP and holding should be verified.

- **Confidentiality of Security Details**

Do not disclose your Folio No. / DP ID / Client ID to an unknown person. Do not hand-over signed blank transfer deeds / delivery instruction slip to any unknown person.

**P. Dematerialisation of Equity Shares & Liquidity**

As per extant guidelines, trading in equity shares of the Company is mandatory in dematerialised form. To facilitate trading in demat form, there are two Depositories i.e. National Securities Depository Limited ('NSDL') and Central Depository Services (India) Limited ('CDSL'). The Company has entered into agreement with both these Depositories. Shareholders can open account with any of the Depository Participant registered with any of these two Depositories.

As on March 31, 2013, 99.95% of the equity shares of the Company are in the dematerialized form. Entire Shareholding of the Promoter's in the Company is held in dematerialized form. The equity shares of the Company are frequently traded at BSE Limited ('BSE') and National Stock Exchange of India Limited ('NSE').

**Q. Custodial Fees to Depositories**

The Company has paid custodial fees for the year 2013-14 to National Securities Depository Limited ('NSDL') and Central Depository Services (India) Limited ('CDSL'), the Depositories of the Company.

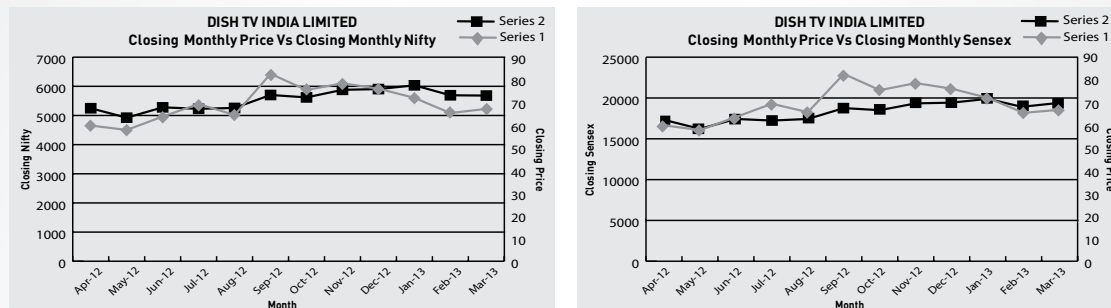
**R. Stock Market Data Relating to Shares Listed in India**

- a) The monthly high and low prices and volumes of Company's shares traded on BSE Limited ('BSE') and National Stock Exchange of India Limited ('NSE') for the period April 2012 to March 2013 are as under:

**Fully Paid Shares**

MONTH	NSE			BSE		
	High (In ₹)	Low (In ₹)	Volume of Shares Traded	High (In ₹)	Low (In ₹)	Volume of Shares Traded
April 2012	66.95	57.65	64,684,094	66.90	57.85	1,48,83,885
May 2012	61.45	53.75	76,992,238	61.45	53.10	91,82,944
June 2012	64.10	55.05	70,360,414	64.00	55.15	97,02,931
July 2012	73.25	58.00	82,695,252	73.20	58.50	1,26,87,934
August 2012	75.40	63.30	47,907,359	75.35	63.30	65,72,126
September 2012	84.85	64.60	62,055,519	84.85	64.15	90,72,019
October 2012	84.85	71.25	121,012,367	84.90	71.25	2,28,24,081
November 2012	80.70	73.00	75,749,259	80.45	72.60	1,26,09,374
December 2012	82.40	74.70	62,790,132	82.40	74.85	79,14,507
January 2013	80.70	70.55	75,728,246	80.75	70.60	1,12,58,171
February 2013	74.80	62.90	56,658,581	74.65	62.90	78,87,706
March 2013	71.60	60.70	55,670,387	71.70	60.65	59,94,754

b) Relative Performance of Dish TV India Limited Shares (fully paid) Vs. BSE Sensex & Nifty Index



c) Distribution of Shareholding as on March 31, 2013 – Consolidated

No. of Equity Shares	Shareholders		No. of Shares	
	Numbers	% of Holders	Number	% of Shares
Upto 5000	164,446	99.38	31,982,981	3.00
5001 – 10000	461	0.28	3,404,882	0.32
10001 – 20000	223	0.13	3,229,746	0.30
20001 – 30000	71	0.04	1,775,481	0.17
30001 – 40000	28	0.02	981,167	0.09
40001 – 50000	20	0.01	921,784	0.09
50001 – 100000	49	0.03	3,779,164	0.35
100001 and above	170	0.10	1,018,809,970	95.67
<b>Total</b>	<b>165,468</b>	<b>100.00</b>	<b>1,064,885,175</b>	<b>100.00</b>

d) Top 10 Public Equity Shareholders as on March 31, 2013 – Consolidated

S. No.	Name of Shareholder	No. of Shares held	% of Shareholding
1	Deutsche Bank Trust Company Americas	85,035,000	7.99
2	Apollo India Private Equity II (Mauritius) Ltd.	32,000,000	3.01
3	Credit Suisse (Singapore) Limited	13,091,280	1.23
4	Government Pension Fund Global	9,978,109	0.94
5	Briggs Trading Co. Private Ltd.	9,969,759	0.94
6	MFS International New Discovery Fund	9,303,367	0.87
7	MET Investors Series Trust-MFS Emerging Markets	8,084,560	0.76
8	Goldman Sachs Investments (Mauritius) I Ltd.	8,021,496	0.75
9	Reliance Capital Trustee Co. Ltd. A/C-Reliance Regular Balance Option	7,500,000	0.70
10	Sundaram Mutual Fund A/C Sundaram Select Midcap	6,004,680	0.56
	<b>TOTAL</b>	<b>188,988,251</b>	<b>17.75</b>

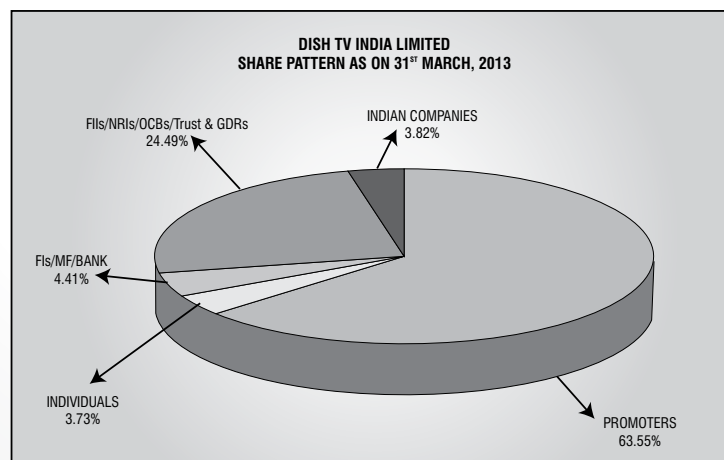
e) Promoter Shareholding as on March 31, 2013

S. No.	Name of Shareholder	No of Shares held	% of Shareholding
1	Agrani Holding (Mauritius) Limited	35,172,125	3.30
2	Ambience Business Services Pvt. Ltd.	1,308,125	0.12
3	Ashok Kumar Goel	625,250	0.06
4	Ashok Mathai Kurien	1,174,150	0.11

S. No.	Name of Shareholder	No of Shares held	% of Shareholding
5	Churu Trading Company Pvt. Ltd.	100	0.00
6	Essel Media Ventures Limited	460,000	0.04
7	Direct Media Distribution Ventures Pvt. Ltd.	481,786,397	45.24
8	Direct Media Solutions Pvt. Ltd.	155,425,863	14.60
9	Jawahar Lal Goel	176,800	0.02
10	Nishi Goel	11,000	0.00
11	Prajatma Trading Company Pvt. Ltd.	100	0.00
12	Premier Finance and Trading Co. Ltd.	100	0.00
13	Priti Goel	11,000	0.00
14	Suryansh Goel	5,100	0.00
15	Sushila Devi	585,750	0.06
16	Tapesh Goel	5,100	0.00
17	Veena Investments Pvt. Ltd.	100	0.00
	<b>Total</b>	<b>676,747,060</b>	<b>63.55</b>

f) Categories of Shareholders as on March 31, 2013

Category	No. of Shares held	% of Shareholding
Promoters	676,747,060	63.55
Individuals	39,705,146	3.73
Domestic Companies	40,689,091	3.82
Fls, Mutual Funds and Banks	46,935,636	4.41
FII's, OCBs, Trusts, NRI & GDRs	260,808,242	24.49
<b>Total</b>	<b>1,064,885,175</b>	<b>100</b>



## SHAREHOLDERS SERVICES

### Ranjit Singh

Company Secretary and Compliance Officer  
Dish TV India Limited  
FC-19, Sector 16A, Noida – 201 301, U.P., India  
Tel.: +91-120-2599555/391 Fax: +91-120-4357078

## CERTIFICATION PURSUANT TO CLAUSE 49 V OF THE LISTING AGREEMENT

---

We, Jawahar Lal Goel, Managing Director and Rajeev K Dalmia, Chief Financial Officer of Dish TV India Limited ('the Company') do hereby certify to the Board that :-

- a. We have reviewed financial statements and the cash flow statement of the Company for the year ended March 31, 2013 and that to the best of our knowledge and belief :
  - i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - ii. these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b. To the best of our knowledge and belief, no transactions entered into by the Company during the year ended March 31, 2013 are fraudulent, illegal or violative of the Company's code of conduct.
- c. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which they are aware and the steps they have taken or propose to take to rectify these deficiencies.
- d. During the year :-
  - there have not been any significant changes in internal control over financial reporting;
  - there have not been any significant changes in accounting policies ; and
  - there have been no instances of significant fraud of which we are aware that involve management or other employees having significant role in the Company's internal control system over financial reporting.

**Jawahar Lal Goel**  
Managing Director

**Rajeev K Dalmia**  
Chief Financial Officer

Place : Noida  
Date : 23 May 2013

# MANAGEMENT DISCUSSION AND ANALYSIS

---

## Forward Looking Statements

Statements in this Management Discussion and Analysis of the Company describing the Company's objectives, expectations or predictions may be forward looking within the meaning of applicable securities laws and regulations. Forward looking statements are based on certain assumptions and expectations of future events.

The Company cannot guarantee that these assumptions and expectations are accurate or will be realised. The Company assumes no responsibility to publicly amend, modify or revise forward-looking statements, on the basis of any subsequent developments, information or events. Thus the Company's actual performance/results could differ from the projected estimates in the forward-looking statements.

The following discussions on our financial condition and result of operations should be read together with our audited consolidated financial statements and the notes to these statements included in the Annual Report.

## Overview

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 DTH clearly went on establishing itself as the most preferred choice for digital viewing of pay television content. Out of the approximately 60 Million installed base of digital connections, substantial number of connections have become part of the DTH category.

Dish TV's strategy was encompassed keeping in mind these challenges as well as maximizing the opportunity for DTH presented by the DAS mandate of the Government of India. Your Company continued to be in the forefront of digitization achieving a substantial part of the DTH subscribers in the Phase I digitization markets of Delhi, Kolkata, Chennai and Mumbai. Our strategy has been to deliver sensible growth with long term profitability as the ultimate objective. We have been able to achieve our objective of sustainable growth through sustained consumer delight based on better offerings - product as well as services. It has been our endeavor to maximize consumer value proposition thereby leading to better acquisitions as well as earnings.

Your Company continued to lead the way in innovation by launching India's first Standard Definition Recorder at an affordable price to the consumer. This Standard Definition Recorder is a unique product which brings the benefit of recording to the mass consumers for the first time and was enthusiastically lapped up by the consumers.

During the year under review your Company also took the initiative to roll out its service network Pan India from a

presence in around 200 cities earlier. This move represents significant steps by the Company in putting the customer first and will dramatically improve our service quality across all pop strata and across income groups.

Your Company continues to expand its distribution footprint and now reaches over a 1,00,000 outlets for Set Top Boxes and the customers can recharge from over 25,000 outlets nationally. In keeping pace with the changing technological trends, your Company has made available payment solution for recharge through the Interbank Mobile Payment Service (IMPS). This will allow customers to easily recharge their subscription using a simple mobile phone. We continue to work to expand the availability of recharge facilities for our customers both directly and through third parties so that our customers have recharge facilities available anytime and anywhere. We continue to believe that continuous process improvement, better technology, focus on end-to-end customer experience management and evolving exclusive techniques to combat intense competition will continue to drive the Company towards new heights and glory.

## SWOT ANALYSIS

### Strengths

The legacy of the brand coupled with the heritage, lead in technology and innovation through Dish+, India's first SD Box with recorder has helped brand proliferation and adoption of recording in many Indian households. Wide - spread availability of product across the length and breadth of the country, maximum number of channels and services offering in Standard Definition, cutting edge satellite technology with dedicated satellite for HD services has paved the way for addition of new HD channels. The increase in bandwidth by the Company has fueled addition of new channels thereby strengthening channel offerings. Dish TV today is the undisputed leader in content offering and satellite technology with state of the art broadcast facility which is future ready.

With enhanced call centre support, our Company is a benchmark in query resolution and providing great consumer experience. With multi lingual support to cater to linguistic masses it has improved customer relations and brought delight.

As a path breaking measure, the launch of Dish+ made the competition sit up and take notice of this significant product and technology. For the first time ever this Standard Definition Set Top Box with recording facility was provided without any additional cost. The viewers immediately adopted the recording feature and the unlimited recording feature served as a boon for the Company. This was a significant competitive advantage which the Company enjoyed.



---

The sustained efforts of the Company to increase the dealer and distributor count resulted in an increase in their total numbers. The increased count has led to more accessibility and provided a momentum amongst trade community. The trade partner network comprising of dealers, distributors, installers, Service Franchisees, Dish Shoppe's, Dish Care Centers, modern trade, chain stores and e-stores are spread all across the country to cater to the increasing consumer demands.

### **Weakness**

The growth in the category has been impacted by increasing number of de-active consumers. This has led to a marginal increase in the net additions of consumers which is below the Industry expectations. Due to the impact of digitization the cable operators have been able to seed in the boxes with ease leading to easy conversion of cable connections to digital cable connections.

With the pack pricing across the category normalizing itself, there is not much scope to create packaging differentiation. This was a big impediment which made it difficult to provide any value for money hook on the basis of which the brand can positively leverage itself.

### **Opportunities**

After the successful completion of digitization in Phase 1, it has led to a myriad of possibilities. The biggest one would be the exposure of imperfections in the cable Industry. The Industry due to its nature of not being organized is slowly going to deliver bad customer experiences be it the billing system, service deliveries or call centre experiences. Since it is going to take time for cable fraternity to put their act together there lies an opportunity to inform consumers about the impeccable experience which a DTH can deliver.

The ongoing digitization also represents a shift in consumer attitude and focus. Since they have become more discerning, the likelihood of adopting modern and convenient technology like DTH is highly probable.

Opportunity also lied in acquiring quality consumers who made a difference to the bottom line. Not only their contribution to ARPU was significant but they also increased brand loyalty.

The positive disposition of the government towards the Industry was a positive sign and it helped in fast access devoid of any drastic decisions.

The emergence of Recorder as a category across major cities was a big event of the year. It also saw the initiation of consumers to the recording phenomena. All the major sporting events and movies were archived by the consumers and watched over and over again.

### **Threats**

Intense competition from other DTH players as well as digital cable and compulsory digitization leading to diminishing market potential poses a likely threat to the Industry as a whole. Easy access of cable into homes as a measure to seed in the digital cable boxes easily vis-à-vis an intense logistically driven exercise for DTH is also a potential threat. High incidence of taxation and regulatory intervention will continue restricting the growth and profitability of the DTH sector.

### **Strategy**

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 DTH clearly went on establishing itself as the most preferred choice for digital viewing of pay television content.

Dish TV strategy was encompassed keeping in mind these challenges as well as maximizing the opportunity for DTH presented by the Digital Addressable System (DAS) mandate of the Government of India. To spear head 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 enhancements in the pillars of Content, Service and Technology continued to gain significant edge from the competition. To ensure maximum coverage and visibility around the digitization wave, incremental investments 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. The Company upgraded to new CRM system to establish seamless service delivery.

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 offering to match their dynamic needs. The strategy was to position Dish TV as a service led brand with the objective of meeting customer delight. Within this endeavor, the Company introduced an exclusive Dish delight programme to recognize our valuable subscriber base and benefit them with unique privileges such as Free relocation, Free upgrade, Express queue etc.

Your Company will look for growth in terms of value per customer, innovative technology driven offerings, harnessing the opportunity of convergence and create value for all the stakeholders.

#### **Key Performance Indicators**

In view of intense competition in the DTH segment and a competitive pricing environment - providing subsidy on the DTH hardware, brand building, penetration in the rural market and up-gradation of the existing subscribers to the higher value packs drew the management attention all throughout the year. EBITDA margin continued to surge upwards during the year. Customer Care, service quality, expansion of Service Franchisee and Dish Care Centres also remained the focal for retaining and servicing the customers.

During the year key highlights of operational performance were as under:

- Gross subscriber base stood at 15.1 Million on March 31, 2013;
- Operating Revenue for FY 13 stood at ₹ 2166.8 Cr;
- EBITDA for FY 13 stood at ₹ 579.5 Cr;
- Total Number of Channels & Services 325, being the highest in the category;
- Total number of HD service stood at 42, once again the Highest in the category;
- ARPU for FY 13 stood at ₹ 158

#### **Risk Management and Internal Control**

Your Company believes that risk management and internal control are fundamental to effective Corporate Governance and the development of a sustainable business. Dish TV has a robust process to identify key risks and prioritize relevant action plans that can mitigate these risks.

Dish TV's philosophy towards control systems is mindful of leveraging resources towards optimization while ensuring the protection of its assets. The Company maintains insurance for its assets which provides cover for damage caused by fire, import, transport perils etc. Your Company deploys a robust system of internal controls that facilitates proper authorization of financial transactions, accurate and timely compilation of financial statements and management reports and ensures regulatory and statutory compliance and safeguards investors' interest by ensuring highest level of governance.

Internal control systems are continuously monitored by the Internal Auditors and are also periodically reviewed by the management for not only checking any deviation or departure from the policies laid down across various business processes but also for further upgradation and modifications suited to the prevalent changes in the Industry. The Company also endeavors to minimize the effect of fluctuation in forex rate, interest rate, commodity purchases by entering into long term contracts and adopting prudent commercial practices. The Company has ventured in business continuity plans and disaster recovery initiatives in order to ensure continuity with normal operations and seamless service to its customers under most circumstances.

Readers are cautioned that the risk related information outlined here is not exhaustive and is for information purpose only.

#### **Talent Management**

With the expansion of the Industry and the upsurge in the DTH market as a whole, people have increasingly emerged as a strategic driver of the Company's business. Over the last years, people policies and people management framework have been aligned to serve the larger business goals of the Company.

Long term development of human capital and strategic employment of retention tools remained at the core of the Company's strategy. The Company has young and vibrant team of highly qualified professionals at all levels

Significant emphasis is also laid on enhancing managerial and leadership qualities at senior management level to propel the Company towards stronger and more sustainable growth. The Company has paid focused attention on management of available resources by training, re – training, incentivizing and a fair policy of promotion, transfer and equal pay for equal work. The Company aims to continue to nurture the talent management process of the Company which is the quintessential to continue with the exponential growth of the Company.

#### **Cautionary Statement**

Statements in the Management Discussion and Analysis describing the Company's objectives, projections, estimate, expectations may constitute a "forward-looking statement" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include economic conditions affecting demand/ supply and price conditions in the domestic markets in which the Company operates, changes in the Government Regulations, Tax Laws and other Statutes and other incidental factors.

# INDEPENDENT AUDITORS' REPORT

To  
The Members of  
**Dish TV India Limited**

## 1. Report on the Financial Statements

We have audited the accompanying financial statements of Dish TV India Limited ("the Company"), which comprise the Balance Sheet as at 31 March 2013 and the Statement of Profit and Loss and the Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

## 2. Management's Responsibility for the Financial Statements

Management is responsible for the preparation of the financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal controls relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

## 3. Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the

Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## 4. Basis for Qualified Opinion

*The life of the Consumer Premises Equipment (CPE) for the purposes of depreciation has been estimated by the management as five years. However, in certain cases, the one-time advance contributions towards the CPEs in the form of rentals are recognized as revenue over a period of three years, which is not in line with the estimated life of such assets, in terms of Accounting Standard 19 'Leases'. The impact of which on the financial statements has not been ascertained by the management. The Company has streamlined the above practice by recognising the revenue over a period of five years in respect of CPEs installed with effect from 1 April 2012.*

*This was a subject matter of qualification in our audit report on the financial statements for the previous year ended 31 March 2012 [also refer to note 50];*

## 5. Opinion

In our opinion and to the best of our information and according to the explanations given to us, *except for the effects of the matter described in para 4 above, "Basis for Qualified Opinion"*, the financial statements 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:

- in the case of the Balance Sheet, of the state of affairs of the Company as at 31 March 2013;
- in the case of the Statement of Profit and Loss, of the losses for the year ended on that date; and

- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

#### 6. **Emphasis of matter**

Without qualifying our opinion, attention is invited to note 2(c) of the financial statements. The Company's net worth as at the end of the financial year is completely eroded by its accumulated losses. However, the management has prepared the financial statements assuming that the Company will continue as a going concern since it has adequate resources in the form of operating cash flows and sanctioned credit facilities from lenders to adequately meet its obligation.

#### 7. **Report on Other Legal and Regulatory Requirements**

- (i) As required by the Companies (Auditor's Report) Order, 2003 ("the Order"), issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
- (ii) As required by section 227(3) of the Act, we report that:
- 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;
  - in our opinion proper books of account as required by law have been kept by

the Company so far as appears from our examination of those books;

- the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- except for the effects of the matter described in para 4 above, "Basis for Qualified Opinion"*, in our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in sub section (3C) of section 211 of the Companies Act, 1956; and
- on the basis of written representations received from the directors as on 31 March 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2013 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

**For BSR & Co.**

*Chartered Accountants*

Firm Registration No: 101248 W

**Kaushal Kishore**

*Partner*

Membership No: 090075

Place: Gurgaon

Date : 23 May 2013



**Annexure referred to in paragraph 7 of the Independent Auditors' Report to the Members of Dish TV India Limited on the financial statements for the year ended 31 March 2013.**

- (i) (a) According to the information and explanations given to us, the Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) As explained to us, the fixed assets, other than consumer premises equipment (CPE), installed at the customer premises and those in transit or lying with the distributors, have been physically verified by the management as per a phased programme to cover over a period of three years, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its fixed assets. Discrepancies noticed on such verification were not significant and have been properly dealt with in the books of account. According to the information and explanations given to us, the existence of CPEs lying at the customer premises is considered on the basis of the 'active user status' of the CPE.
- (c) Fixed assets disposed off during the year were not substantial and, therefore, do not effect the going concern assumption.
- (ii) (a) According to the information and explanations given to us, physical verification has been conducted by the management at reasonable intervals during the year in respect of inventories of stock in trade consisting of CPE related accessories in the Company's possession. In our opinion, the frequency of physical verification is reasonable.
- (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 are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) On the basis of our examination of the records of inventories, we are of the opinion that the Company is maintaining proper records of inventories. The discrepancies noticed on physical verification of inventories as compared to book records were not material and have been properly dealt with in the books of account.
- (iii) According to the information and explanations given to us, the Company has neither granted nor taken any loans, secured or unsecured, to or from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, paragraphs 4(iii)(b) to (g) of the Order are not applicable.
- (iv) According to the information and explanations given to us, and having regard to the explanation that purchases of certain items of inventories and fixed assets are for the Company's specialized requirements and similarly certain goods/ services sold are for the specialized requirements of the buyers and suitable alternative sources are generally not available to obtain comparable prices, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventories and fixed assets and with regard to the sale of goods and services. Further, on the basis of our examination and according to the information and explanations given to us, we have neither come across nor have been informed of any major weaknesses in the aforesaid internal control system.
- (v) In our opinion, and according to the information and explanations given to us, there are no contracts and arrangements the particulars of which need to be entered into the register maintained under section 301 of the Companies Act, 1956.
- (vi) According to the information and explanations given to us, the Company has not accepted any deposits from the public during the year within the meaning of Sections 58A and 58AA or other relevant provisions of the Companies Act, 1956 and the rules framed there under.
- (vii) In our opinion and according to the information and explanations given to us, the Company has an internal audit system commensurate with its size and the nature of its business.
- (viii) We have broadly reviewed the books of account maintained by the Company in respect of the activities where, pursuant to the rules made by the Central Government, the maintenance of cost records has been prescribed under section 209(1) (d) of the Companies Act, 1956 and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination



of such records with a view to determine whether they are accurate or complete.

- (ix) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income tax, Sales tax, Wealth tax, Service tax, Customs duty, Excise duty and other material statutory dues, as applicable, have generally been regularly deposited during the year by the Company with the appropriate authorities *except in respect of entertainment tax dues where there have been several delays, though the amounts have subsequently been paid to the authorities.*

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income tax, Sales tax, Wealth tax, Service tax, Customs duty, Excise duty, and other material statutory dues, as applicable, were in arrears as at 31 March 2013 for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of Income tax, Sales tax, Wealth tax, Service tax, Customs duty, Cess and Excise duty, which have not been deposited with the appropriate authorities on account of any dispute, except as mentioned below:

(Amount in ₹ lacs)

Name of the Statute	Nature of the dues	Amount involved **	Amount paid under protest	Period to which the amount relates	Forum where dispute is pending
Delhi Value Added Tax Act, 2004	Value Added Tax	7	7	March 2010	VAT Officer, Delhi VAT
	Value Added Tax	244	20	April 2007 to March 2008	VAT Tribunal, New Delhi
Andhra Pradesh Value Added Tax Act, 2005	Value Added Tax	344*	18	March 2008 to September 2008	Andhra Pradesh High Court
	Value Added Tax	286	286	2006-08	State Tribunal Appellate Authority, Hyderabad
Bihar Value Added Tax Act, 2005	Value Added Tax	15	15	2007-08	Commercial Tax Officer, Patna
	Value Added Tax	59	43	2008-09	Commercial Tax Officer, Patna
UP Trade Tax Act, 1948	Value Added Tax	1	-	April 2005 to March 2006	Joint Commissioner (Appeal), Noida
	Value Added Tax	#	1	2006-07, 2010-11	Additional Commissioner Appeal, Noida
		##	##	2010-11	Deputy Commissioner, Noida
		10	5	April 2011	Commercial Tax Officer, Noida
		4	4	March 2013	Additional Commissioner, Noida
	Value Added Tax	41	2	2008-09	Appellate Authority, Noida
Haryana VAT Act-2003	Value Added Tax	###	-	Dec 2012	Joint Commissioner (Appeal); Haryana
Kerala Value Added Tax Act 2003	Value Added Tax	34	11	2009-10	Kerala High Court
Income-tax Act, 1961	Income tax and interest	2,642	730	Assessment year 2009-10	Commissioner of Income Tax-Appeal, Noida
		9	-	Assessment year 2006-07	Commissioner of Income Tax-Appeal, Mumbai
Indian Customs Act, 1962	Additional Duty Special	795	-	April 2008 to June 2009	Custom Excise and Service Tax Appellate Tribunal

(Amount in ₹ lacs)

Name of the Statute	Nature of the dues	Amount involved **	Amount paid under protest	Period to which the amount relates	Forum where dispute is pending
Finance Act, 1994 (Service tax)	Service tax	167	-	FY 2006-07 to FY 2010-11	Custom Excise and Service Tax Appellate Tribunal
		2,921	-	FY 2007-08 to FY 2011-12	Directorate General of Central Excise Intelligence, Delhi
Wealth Tax Act, 1957	Wealth tax	2	-	AY 2005-06	Asst. Commissioner of Income Tax, New Delhi

\* Including disputed dues aggregating ₹ 344 lacs in respect of Value Added Tax which have been stayed by the respective authorities

\*\* Including interest/penalty, where identified

# ₹ 41,000

## ₹ 36,000

### ₹ 40,540

- (x) *The accumulated losses of the Company are more than fifty percent of its net worth at the end of the year.* The Company has not incurred cash losses during the year and in the immediately preceding year.
- (xi) According to the information and explanations given to us, the Company has not defaulted in repayment of dues to its bankers. The Company did not have any outstanding dues to any financial institutions or debenture-holders during the year.
- (xii) According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) According to the information and explanations given to us, the Company is not a chit fund or a nidhi/ mutual benefit fund/ society.
- (xiv) According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments.
- (xv) According to the information and explanations given to us, the Company has not given any guarantees for loans taken by others from banks or financial institutions during the year.
- (xvi) According to the information and explanations given to us, on an overall basis, the term loans have been applied for the purposes for which they were obtained.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, *we are of the opinion that the funds raised on short-term basis have been used for long-term investments, primarily for acquisition of fixed assets for ₹ 70,173 lacs.*
- (xviii) The Company has not made any preferential allotment of shares to companies/firms/parties covered in the register maintained under Section 301 of the Companies Act, 1956 during the year.
- (xix) The Company did not have any outstanding debentures during the year.
- (xx) The Company has not raised any money by way of public issues during the year. The Company has only received outstanding call money against the rights issue made in an earlier year.
- (xxi) Based on the audit procedures performed and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

**For B S R & Co.**

*Chartered Accountants*

Firm Registration No: 101248 W

**Kaushal Kishore**

*Partner*

Membership No: 090075

Place: Gurgaon

Date : 23 May 2013

# BALANCE SHEET AS AT 31 MARCH 2013

(All amounts in ₹ lacs, unless stated otherwise)

	Note no.	As at 31 March 2013	As at 31 March 2012
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
(a) Share capital	3	10,648	10,636
(b) Reserves and surplus	4	(26,177)	(20,018)
		(15,529)	(9,382)
<b>Non-current liabilities</b>			
(a) Long-term borrowings	5	84,602	101,935
(b) Other long term liabilities	6	15,042	17,984
(c) Long-term provisions	7	1,274	1,052
		100,918	120,971
<b>Current liabilities</b>			
(a) Short-term borrowings	8	3,000	19,500
(b) Trade payables	9	21,374	12,747
(c) Other current liabilities	10	140,264	70,626
(d) Short-term provisions	11	65,469	48,935
		230,107	151,808
<b>Total</b>		<b>315,496</b>	<b>263,397</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
(a) Fixed assets			
(i) Tangible assets	12.1	142,734	141,602
(ii) Intangible assets	12.2	651	433
(iii) Capital work-in-progress		65,352	38,843
		208,737	180,878
(b) Non-current investments	13	3	15,000
(c) Long-term loans and advances	14	6,546	3,480
(d) Other non-current assets	15	970	695
		7,519	19,175
<b>Current assets</b>			
(a) Current investments	16	27,818	-
(b) Inventories	17	861	688
(c) Trade receivables	18	3,036	2,861
(d) Cash and bank balances	19	36,210	38,513
(e) Short-term loans and advances	20	30,778	20,454
(f) Other current assets	21	537	828
		99,240	63,344
<b>Total</b>		<b>315,496</b>	<b>263,397</b>

## Significant accounting policies

The accompanying notes (1 to 53) form an integral part of the financial statements.

As per our report attached.

## For B S R & Co.

Chartered Accountants

Firm Registration No.: 101248W

## Kaushal Kishore

Partner

Membership No.: 090075

For and on behalf of the Board of Directors of

## Dish TV India Limited

## Jawahar Lal Goel

Managing Director

DIN: 00076462

## Arun Duggal

Director

DIN: 00024262

## Rajeev K. Dalmia

Chief Financial Officer

## Ranjit Singh

Company Secretary

Membership No: A15442

Place: Gurgaon

Dated: 23 May 2013

Place: Noida

Dated: 23 May 2013

# STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2013

(All amounts in ₹ lacs, unless stated otherwise)

	Note no.	For the year ended 31 March 2013	For the year ended 31 March 2012
<b>Income</b>			
Revenue from operations	22	216,680	195,782
Other income	23	5,120	5,787
<b>Total revenue</b>		<b>221,800</b>	<b>201,569</b>
<b>Expenses</b>			
Purchases of stock-in-trade		920	737
Changes in inventories of stock-in-trade	24	(173)	(244)
Operating expenses	25	110,806	99,753
Employee benefits expense	26	8,217	7,098
Selling and distribution expenses	27	30,364	29,093
Finance costs	28	12,836	19,708
Depreciation and amortization expense	12.1 and 12.2	62,755	51,800
Other expenses	29	8,594	9,509
<b>Total expenses</b>		<b>234,319</b>	<b>217,454</b>
<b>Loss before tax and exceptional items</b>		<b>12,519</b>	<b>15,885</b>
Exceptional items (refer to note 52)		5,944	-
<b>Loss before tax after exceptional items</b>		<b>6,575</b>	<b>15,885</b>
Tax expense		-	-
<b>Loss for the year</b>		<b>6,575</b>	<b>15,885</b>
Basic and diluted loss per equity share (in ₹) (Face value of ₹ 1 each)	41	0.62	1.49
<b>Significant accounting policies</b>	2		

The accompanying notes (1 to 53) form an integral part of the financial statements.  
As per our report attached to the balance sheet.

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

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

Place: Gurgaon  
Dated: 23 May 2013

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

**Jawahar Lal Goel**  
Managing Director  
DIN: 00076462

**Rajeev K. Dalmia**  
Chief Financial Officer

Place: Noida  
Dated: 23 May 2013

**Arun Duggal**  
Director  
DIN: 00024262

**Ranjit Singh**  
Company Secretary  
Membership No: A15442

# CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2013

(All amounts in ₹ lacs, unless stated otherwise)

	For the year ended 31 March 2013	For the year ended 31 March 2012
<b>A. Cash flows from operating activities</b>		
Net loss before tax	(6,575)	(15,885)
<b>Adjustments for :</b>		
Depreciation and amortization expense	63,879	51,800
Loss on sale/ discard of fixed assets and capital work-in-progress	809	2,890
Profit on redemption of units of mutual funds (non trade, current)	(412)	(75)
Profit on sale of subsidiary	-	(93)
Foreign exchange fluctuation (net)	(8,739)	4,506
Interest expense	11,018	10,903
Interest income	(3,459)	(3,409)
<b>Operating profit before following adjustments</b>	<b>56,521</b>	<b>50,637</b>
(Increase) in inventories	(173)	(244)
(Increase) in trade receivables	(175)	(707)
(Increase) in long-term loans and advances	(2,232)	(154)
(Increase)/ decrease in short term loans and advances and other current assets	(12,500)	8,221
(Decrease) in other long-term liabilities and provisions	(2,467)	(2,306)
Increase/(decrease) in trade payables, other short-term liabilities	23,248	(7,860)
<b>Cash generated from operations</b>	<b>62,222</b>	<b>47,587</b>
Income taxes paid	(822)	(218)
<b>Net cash flow from operating activities</b>	<b>61,400</b>	<b>47,369</b>
<b>B. Cash flows from investing activities</b>		
Purchases of fixed assets (including capital work in progress and capital advances)	(69,803)	(65,594)
Proceeds from sale of fixed assets	21	26
Purchases of investments	(90,503)	(34,300)
Proceeds from sale of investments	78,094	39,483
Loans given to body corporates	-	(11)
Refund of loans given to body corporates	1,795	11
Movements in fixed deposits having maturity of more than 3 months	(1,695)	1,694
Interest received	3,430	3,451
<b>Net cash flow used in investing activities</b>	<b>(78,661)</b>	<b>(55,240)</b>
<b>C. Cash flows from financing activities</b>		
Interest paid	(6,909)	(7,836)
Proceeds from issue of capital / call money received	428	228
Advance call money on shares	(253)	(7)
Proceeds from long term borrowings (excluding vehicle loans)	50,712	45,576
Repayments of long term borrowings (excluding vehicle loans)	(15,257)	(43,247)
Repayments of vehicle loans	(6)	(8)
Proceeds/ (repayments) from short term borrowings	(16,500)	19,500
<b>Net cash flow from financing activities</b>	<b>12,215</b>	<b>14,206</b>



# CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2013 (CONTD.)

[All amounts in ₹ lacs, unless stated otherwise]

	For the year ended 31 March 2013	For the year ended 31 March 2012
<b>D. Effect of exchange difference on translation of foreign currency cash and cash equivalents ##</b>	-	0
<b>Net cash flows [increase/(decrease)] during the year (A+B+C+D)</b>	<b>(5,046)</b>	6,335
<b>Cash and cash equivalents at the beginning of the year (refer to note 19)</b>	<b>16,240</b>	9,905
<b>Cash and cash equivalents at the end of the year (refer note 19) #</b>	<b>11,194</b>	16,240
Cash and cash equivalents at the end of the year comprise of :		
Cash on hand	2	1
Balances with scheduled banks :		
- in current accounts #	11,037	3,638
- deposits with maturity of upto 3 months	52	48
Cheques, drafts on hand	103	12,553
<b>Total cash and cash equivalents</b>	<b>11,194</b>	16,240

# include ₹ 29 lacs (previous year ₹ 338 lacs) in share call money accounts in respect of rights issue.

## represent ₹ 3,708 as on 31 March 2012.

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

## Significant accounting policies

2

The accompanying notes (1 to 53) form an integral part of the financial statements.

As per our report attached to the balance sheet.

## For B S R & Co.

Chartered Accountants

Firm Registration No.: 101248W

## Kaushal Kishore

Partner

Membership No.: 090075

Place: Gurgaon

Dated: 23 May 2013

For and on behalf of the Board of Directors of

**Dish TV India Limited**

## Jawahar Lal Goel

Managing Director

DIN: 00076462

## Rajeev K. Dalmia

Chief Financial Officer

Place: Noida

Dated: 23 May 2013

## Arun Duggal

Director

DIN: 00024262

## Ranjit Singh

Company Secretary

Membership No: A15442

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

(All amounts in ₹ lacs, unless stated otherwise)

## 1. Background

Dish TV India Limited ('Dish TV' or 'the Company') was incorporated on 10 August 1988. The Company is engaged in the business of Direct to Home ('DTH') and Teleport services. The DTH services are rendered to the customers through Consumer Premise Equipment (CPE), used for receiving and broadcasting DTH signals to the subscriber.

## 2. Significant accounting policies

### a) Basis of preparation of financial statements

The financial statements are prepared under the historical cost convention, on accrual basis of accounting, in accordance with the Generally Accepted Accounting Principles ('GAAP') in India and comply with the mandatory Accounting Standards as notified by the Companies (Accounting Standards) Rules, 2006, to the extent applicable, and the presentational requirements of the Companies Act, 1956

### b) Current/ Non-current classification

All assets and liabilities are classified as current and non-current.

#### *Assets*

An asset is classified as current when it satisfies any of the following criteria:

- i) it is expected to be realized in, or is intended for sale or consumption in, the Company's normal operating cycle;
- ii) it is held primarily for the purpose of being traded;
- iii) it is expected to be realized within 12 months after the reporting date; or
- iv) it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

Current assets include the current portion of non-current financial assets.

All other assets are classified as non-current.

#### *Liabilities*

A liability is classified as current when it satisfies any of the following criteria:

- i) it is expected to be settled in the Company's normal operating cycle;
- ii) it is held primarily for the purpose of being traded;
- iii) it is due to be settled within 12 months after the reporting date; or
- iv) the Company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Current liabilities include current portion of non-current financial liabilities.

All other liabilities are classified as non-current.

#### *Operating cycle*

Operating cycle is the time between the acquisition of assets for processing and their realization in cash or cash equivalents.

### c) Going concern

The management believes that it is appropriate to prepare these financial statements on a 'going concern' basis, for the following reasons:-

- i) The Company holds a DTH license from Government of India which is valid till 30 September 2013 and the process of renewal of the same has been initiated. The Company is of the view that the license would certainly be renewed considering the involvement of interest of public at large.
- ii) The DTH business necessitates long gestation period. Being first mover, the Company has incurred huge cost on establishment and on awareness of the product, brand building on a pan India basis, the benefits of which will accrue in the future years.

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

[All amounts in ₹ lacs, unless stated otherwise]

iii) The management is fully seized of the matter and is of the view that going concern assumption holds true and that the Company will be able to discharge its liabilities in the normal course of business since the Company holds sanctioned loan facilities from banks and would meet the debt obligations on due dates.

iv) The Company has positive operating cash flows.

Accordingly, the financial statements do not require any adjustment as to the balances carried in the balance sheet.

## **d) Use of estimates**

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

## **e) Fixed assets**

*Tangible assets;*

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

Consumer Premise Equipments (CPE) are capitalized on activation of the same.

*Intangible assets;*

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

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

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

## **f) Depreciation/ amortisation**

*Tangible assets*

Depreciation on tangible fixed assets, except CPEs, is provided on the straight-line method at the rates specified in Schedule XIV of the Companies Act, 1956. CPEs are depreciated over their useful life of five years, as estimated by the management [also refer to note 50]. CPEs that remain inactive for a specified long period of time, determined based on past experience, are depreciated on accelerated basis. Corresponding lease advances in such cases are recognised as income.

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

Aircraft is depreciated over the estimated useful life of ten years.

Assets individually costing upto ₹ 5,000 are fully depreciated in the year of purchase, wherever necessary in terms of Schedule XIV to the Companies Act, 1956.

*Intangible assets*

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

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

(All amounts in ₹ lacs, unless stated otherwise)

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

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

## **g) Impairment**

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

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

## **h) Inventories**

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

## **i) Revenue recognition**

### **i) Service income**

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

### **ii) Sale of goods**

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

### **iii) Interest income**

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

## **j) Foreign currency transactions and forward contracts**

Foreign currency transactions

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

ii) In accordance with Accounting Standard-11, "Accounting for the Effects of Changes in Foreign Exchange Rates", exchange differences arising in respect of long term foreign currency monetary items used for acquisition of depreciable capital asset, are added to or deducted from the cost of asset and are depreciated over the balance useful life of asset.

iii) The premium or discount arising on entering into a forward exchange contract for hedging underlying assets and liabilities is measured by the difference between the exchange rate at the date of the inception of the forward exchange contract and the forward rate specified in the

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

[All amounts in ₹ lacs, unless stated otherwise]

contract and is amortised as expense or income over the life of the contract. Exchange difference on a forward exchange contract is the difference between:

- the foreign currency amount of the contract translated at the exchange rate at the reporting date, or the settlement date where the transaction is settled during the reporting period, and;
- the same foreign currency amount translated at the latter of the date of inception of the forward exchange contract and the last reporting date.

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

## iv) Derivatives

The Company enters into derivative transactions for hedging purposes. In respect of interest rate swaps, which are not covered by Accounting Standard 11 'The Effects of Changes in Foreign Exchange Rates', such contracts are marked to market and provision for net loss, if any, is recognised in the Statement of Profit and Loss. Resultant gains, if any, on account of mark to market are ignored. The Company does not hold or issue derivative financial instruments for trading or speculative purposes.

## k) Investments

Long-term investments, including their current portion, are carried at cost less diminution, other than temporary in value. Current investments are carried at the lower of cost and fair value which is computed category wise.

## l) Employee benefits

### i) Short-term employee benefits

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

### ii) Post employment benefit

#### Defined contribution plan

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

#### Defined benefit plan

The Company's gratuity scheme is a defined benefit plan. The present value of the obligation under such defined benefit plan is determined based on actuarial valuation carried out at the end of the year by an independent actuary, using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plans is based on the market yields on Government Securities for relevant maturity. Actuarial gains and losses are recognized immediately in the Statement of Profit and Loss.

### iii) Other long term employee benefits

Benefits under the Company's leave encashment constitute other long-term employee benefits. The liability in respect of vacation pay is provided on the basis of an actuarial valuation done by an independent actuary at the year end. Actuarial gains and losses are recognised immediately in the Statement of Profit and Loss.



# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

(All amounts in ₹ lacs, unless stated otherwise)

**m) Employee stock option scheme**

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

**n) Leases**

Operating lease

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

**o) Earnings per share**

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

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

**p) Taxation**

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

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

**q) Provisions and contingent liabilities**

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

[All amounts in ₹ lacs, unless stated otherwise]

## 3. Share capital

	As at 31 March 2013	As at 31 March 2012
<b>Authorised</b>		
1,500,000,000 (previous year 1,350,000,000) equity shares of ₹ 1 each	<u>15,000</u>	<u>13,500</u>
<b>Issued, subscribed and fully paid-up</b>		
1,064,662,247 (previous year 1,061,701,440) equity shares of ₹ 1 each, fully paid up	10,647	10,617
<b>Issued, subscribed, but not fully paid-up</b>		
222,928 (previous year 2,722,435) equity shares of ₹ 1 each, fully called up (Footnote b)	2	27
Less: calls in arrears (other than from directors/ officers)	<u>(1)</u>	<u>(8)</u>
	<u>10,648</u>	<u>10,636</u>
Footnotes:		
a) Reconciliation of the number of shares outstanding at the beginning and at the end of the year	<b>Nos</b>	<b>Nos</b>
Shares at the beginning of the year	1,064,423,875	1,063,976,535
Add: Further issued during the year under Employees Stock Option Plan	461,300	447,340
Shares at the end of the year	<u>1,064,885,175</u>	<u>1,064,423,875</u>
b) 22,314 (previous year 2,062,513) equity shares of ₹ 1 each, ₹ 0.75 paid up 200,614 (previous year 659,922) equity shares of ₹ 1 each, ₹ 0.50 paid up.		
c) The Company has only one class of equity shares, having a par value of ₹ 1 per share. Each shareholder is eligible to one vote per fully paid equity share held (i.e. in proportion to the paid up shares in equity capital). The dividend proposed, if any, by the Board of Directors is subject to approval of shareholders in the ensuing Annual General Meeting, except in case of interim dividend. The repayment of equity share capital in the event of liquidation and buy back of shares are possible subject to prevalent regulations. In the event of liquidation, normally the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.		
	<b>As at 31 March 2013</b>	<b>As at 31 March 2012</b>
d) Shares held by ultimate holding company/ holding company		
Equity shares of ₹ 1 each, fully paid up by	-	637,212,260
Direct Media Distribution Ventures Private Limited (formerly known as Dhaka Warriors Sports Private Limited) *	-	59.86%

\* 481,786,397 number of equity shares comprising of 45.24% holding in the Company as at 31 March 2013

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

(All amounts in ₹ lacs, unless stated otherwise)

e) Details of shareholders holding more than 5% shares of the Company

Name	As at 31 March 2013		As at 31 March 2012	
	Number of shares	% holding in the Company	Number of shares	% holding in the Company
Direct Media Distribution Ventures Private Limited (formerly known as Dhaka Warriors Sports Private Limited)	481,786,397	45.24%	637,212,260	59.86%
Deutsche Bank Trust Company Americas [footnote f(iii)]	85,035,000	7.99%	117,035,000	11.00%
Direct Media Solutions Private Limited	155,425,863	14.60%	-	-

f) Issued, subscribed and fully paid up shares include:

- 249,300,890 (previous year 249,300,890) equity shares of ₹ 1 each fully paid up, allotted for consideration other than cash pursuant to the Scheme of Arrangement made effective from 1 April, 2006.
- 1,477,780 (previous year 1,016,480) equity shares of ₹ 1 each, fully paid up, issued to the employees, under Employee Stock Option Plan, i.e., ESOP 2007.
- 85,035,000 (previous year 117,035,000) equity shares of ₹ 1 each, fully paid up, for underlying 85,035 nos. (previous year 117,035 nos.) Global Depository Receipts (GDR). Each GDR represents 1,000 Equity Shares of ₹ 1 each.

g) 4,282,228 (previous year 4,282,228) equity shares of ₹ 1 each are reserved for issue under Employee Stock Option Plan 2007. (refer to note 34 for terms and amount etc.)

#### 4. Reserves and surplus

	As at 31 March 2013	As at 31 March 2012
<b>Securities premium account</b>		
Opening balance	153,362	153,140
Add: received during the year	416	222
Closing balance	153,778	153,362
<b>General reserves</b>		
Opening balance	1,849	1,849
Closing balance	1,849	1,849
<b>Deficit in the Statement of Profit and Loss</b>		
Opening balance	(175,229)	(159,344)
Less: Loss for the year	(6,575)	(15,885)
Closing balance	(181,804)	(175,229)
	(26,177)	(20,018)

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

[All amounts in ₹ lacs, unless stated otherwise]

## 5. Long-term borrowings

	As at 31 March 2013	As at 31 March 2012	As at 31 March 2013	As at 31 March 2012
	Non current		Current maturities	
<b>Secured loans:</b>				
From banks				
- Term loans	11,590	16,192	7,102	7,727
- Buyer's credits	73,012	85,741	68,591	10,861
- Vehicle loans*	-	0	-	2
From other parties				
- Vehicle loans	-	2	2	3
	<b>84,602</b>	<b>101,935</b>	<b>75,695</b>	<b>18,593</b>
Less: amount disclosed under the head "Other current liabilities" (refer to note 10)	-	-	75,695	18,593
	<b>84,602</b>	<b>101,935</b>	<b>-</b>	<b>-</b>

\* ₹ 46,531 as on 31 March 2012

## Footnotes:

	Nature of security	Terms of repayment
a) Term loans		
i) Term loans of ₹ 16,192 lacs (previous year ₹ 22,669 lacs) are under syndicate Rupee Loan Facility and are secured by the creation of a first ranking charge by way of mortgage in favor of a security trustee over all the immoveable assets, present and future, a charge by way of hypothecation over (a) all the moveable assets, present and future; (b) the balances lying in and to the credit of certain accounts and the proceeds of any investments made out of the said balances; and (c) all the rights, title and interest in various contracts, authorizations, approvals and licenses, including the DTH license (to the extent that it is capable of being charged or assigned) and insurance policies. Further, an amount equal to three months payment of principal and interest on the outstanding facility is guaranteed by Zee Entertainment Enterprises Limited, a related party [refer to note 37 e)].		Repayable in quarterly installments a) Loan amounting to ₹ 4,688 lacs as on reporting date is payable in ten quarterly installments alongwith monthly interest at bank base rate plus 2.25 % per annum. b) Loan amounting to ₹ 5,986 lacs as on reporting date is payable in ten quarterly installments alongwith monthly interest at bank base rate plus 1.50 % per annum. c) Loan amounting to ₹ 3,125 lacs as on reporting date is payable in ten quarterly installments alongwith monthly interest at bank base rate plus 2.30 % per annum. d) Loan amounting to ₹ 2,393 lacs as on reporting date is payable in ten quarterly installments alongwith monthly interest at 12.75% per annum.
ii) Term loan of ₹ nil (previous year ₹ 1,250 lacs) is secured by subservient charge on all assets (both present and future). Further, unconditional and irrevocable Corporate Guarantee of Zee Entertainment Enterprises Limited, a related party [refer to note 37 e)].		Loan has been repaid during the year.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

(All amounts in ₹ lacs, unless stated otherwise)

- iii) Term loan of ₹ 2,500 lacs (previous year ₹ nil) is secured by (a) first pari-passu charges on consumer premises equipment (CPE), (both present and future), of the Company; (b) first pari-passu charges on all current assets including stock of raw materials, semi finished and finished goods, consumable stores and spares and such other movable including book debts, bills, outstanding monies receivables (both present and future); (c) first pari-passu charges on all movable and immovable fixed assets, (both present and future); (d) assignment of insurance policies pertaining to CPE charged, current assets and movable fixed assets, of the Company. Further, a corporate guarantee is given by Direct Media Distribution Ventures Private Limited (formerly known as Dhaka Warriors Sports Private Limited), a related party in respect of this loan [refer to note 37 e)].
- Loan amounting to ₹ 2,500 lacs as on reporting date is payable in eight quarterly installments after a moratorium period of 12 months from the date of first disbursement alongwith monthly interest at bank base rate plus 2.25 % per annum.
- b) Buyer's credits
- i) Buyer's credit of ₹ 42,743 lacs (previous year ₹ 33,280 lacs) is secured by pari passu first charge on the movable and immovable fixed assets and current assets of the Company. Further, a corporate guarantee is given by Direct Media Distribution Ventures Private Limited (formerly known as Dhaka Warriors Sports Private Limited), a related party [refer to note 37 e)].
- Buyer's credit comprises of several loan transactions ranging between 1.75 to 3 years of maturities. Each transaction is repayable in full on maturity dates falling between December' 2015 (being the farthest) and September' 2013 (being the closest). Interest on all Buyer's Credit is payable in half yearly installments ranging from Libor plus 45 bps to Libor plus 240 bps.
- ii) Buyer's credit of ₹ 21,299 lacs (previous year ₹ 20,033 lacs) is secured by first ranking pari passu charge on all present and future tangible movable/immovable and current assets of the Company including proceeds account; exclusive charge on reserve account; assignment of rights, titles and interest of the Company in all the contracts, authorisations, approvals, and licenses (to the extent the same are capable of being assigned); and assignment of all insurance policies.
- Buyer's credit comprises of several loan transactions ranging between 2.5 to 3 years of maturities. Each transaction is repayable in full on maturity dates falling between April' 2014 (being the farthest) and June' 2013 (being the closest). Interest on all Buyer's Credit is payable in half yearly installments at Libor plus 200 bps.
- iii) Buyer's credit of ₹ 49,915 lacs (previous year ₹ 36,857 lacs) is secured by first pari passu charge on all present and future moveable and immovable assets, including but not limited to inventory of set-top-boxes and accessories etc., book debts, operating cash flows, receivables, commissions, revenue of whatever nature and wherever arising, present and future, and on all intangibles assets including but not limited to goodwill and uncalled capital, present and future, of the Company. Further, a corporate guarantee is given by Churu Trading Company Private Limited and Jayneer Capital Private Limited and a personal guarantee by key managerial personnel in respect of this loan. [refer to note 37 e)].
- Buyer's credit comprises of several loan transactions ranging between 1.75 to 3 years of maturities. Each transaction is repayable in full on maturity dates, falling between November' 2015 (being the farthest) and August' 2013 (being the closest). Interest on ₹ 33,064 lacs buyer's credit is payable in half yearly installments ranging from Libor plus 45 bps to Libor plus 350 bps. Interest on ₹ 16,851 lacs buyer's credit is payable in yearly installments ranging from Libor plus 157 bps to Libor plus 165 bps.



# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

[All amounts in ₹ lacs, unless stated otherwise]

- iv) Buyer's credit of ₹ nil (previous year ₹ 6,432 lacs) is secured by an exclusive charge on consumer premises equipment (CPE) imported under this facility, a charge on Reserves Account, which shall have minimum balance equal to Minimum Reserve Amount, the assignment of insurance policies pertaining to the CPE charged, if any, and completion support undertaking from Zee Entertainment Enterprises Limited, a related party [refer to note 37 e)]. Loan has been repaid during the current year.
- v) Buyer's credit of ₹ 16,316 lacs (previous year ₹ nil) is secured by (a) first pari passu charge on consumer premises equipment (CPE) (both present and future); (b) first pari passu charges by way of hypothecation on the Company's entire current assets which would include stocks of raw materials, semi finished and finished good, consumable stores and spares and such other movables, including books debts, bills, outstanding monies receivables (both present and future) in a form and manner satisfactory to the bank; (c) first pari passu charge on all movable fixed assets of the Company; (d) assignment of insurance policies pertaining to CPE charged, current assets and movable fixed assets. Buyer's credit comprises of several loan transactions ranging between 1.75 to 3 years of maturities. Each transaction is repayable in full on maturity dates, falling between January' 2016 (being the farthest) and April' 2014 (being the closest). Interest on all buyer's credit is payable in half yearly installments ranging from Libor plus 165 bps to Libor plus 250 bps.
- vi) Buyer's credit of ₹ 11,330 lacs (previous year ₹ nil) secured by (a) first pari-passu charges on consumer premises equipment (CPE) (both present and future); (b) first pari-passu charges on all current assets including stock of raw materials, semi finished and finished goods, consumable stores and spares and such other movable including book debts, bills, outstanding monies receivables (both present and future); (c) first pari-passu charges on all movable and immovable fixed assets (both present and future); (d) assignment of insurance policies pertaining to CPE charged, current assets and movable fixed assets. Further, a corporate guarantee is given by Direct Media Distribution Ventures Private Limited (formerly known as Dhaka Warriors Sports Private Limited), a related party in respect of this loan [refer to note 37 e)]. Buyer's credit comprises of several loan transactions ranging between 2.5 to 3 years of maturities. Each transaction is repayable in full on maturity dates, falling between December' 2015 (being the farthest) and Sep' 2015 (being the closest). Interest on all buyer's credit is payable in yearly installments ranging from Libor plus 155 bps to Libor plus 165 bps.
- c) Vehicle loans  
Vehicle loans from banks and others are secured by way of hypothecation of vehicles. Balance aggregating ₹ 2 lacs as at reporting date is repayable in 7 equated monthly installments.
- d) The Company did not have any continuing defaults as on the balance sheet date in repayment of loans and interests.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

(All amounts in ₹ lacs, unless stated otherwise)

### 6. Other long-term liabilities

	As at 31 March 2013	As at 31 March 2012	As at 31 March 2013	As at 31 March 2012
	Non current		Current	
Others:				
Income received in advance	15,013	17,702	29,464	30,148
Money received against partly paid up shares (refer to note 43)	29	282	-	-
	<u>15,042</u>	<u>17,984</u>	<u>29,464</u>	<u>30,148</u>
Less: amount disclosed under the head "Other current liabilities" (refer to note 10)	-	-	29,464	30,148
	<u>15,042</u>	<u>17,984</u>	<u>-</u>	<u>-</u>

### 7. Long-term provisions

	As at 31 March 2013	As at 31 March 2012	As at 31 March 2013	As at 31 March 2012
	Non current		Current	
Provision for employee benefits				
- Gratuity (refer to note 35)	794	654	38	6
- Vacation pay	480	398	32	11
	<u>1,274</u>	<u>1,052</u>	<u>70</u>	<u>17</u>
Less: amount disclosed under the head "Short-term provisions" (refer to note 11)	-	-	70	17
	<u>1,274</u>	<u>1,052</u>	<u>-</u>	<u>-</u>

### 8. Short-term borrowings

	As at 31 March 2013	As at 31 March 2012
<i>Secured loans</i>		
Loans repayable on demand		
- Cash credit from bank	3,000	2,000
Other loans		
- Short term loan from bank	-	5,000
<i>Unsecured loans</i>		
Loan from a related party [refer to note 37 d)], repayable on demand	-	12,500
	<u>3,000</u>	<u>19,500</u>

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

[All amounts in ₹ lacs, unless stated otherwise]

## Footnotes:

- | a) <b>Nature of security</b>   | <b>Terms of repayments</b>   |
|--|--|
| i) Cash credit from bank is secured by first pari passu charge on the movable and immovable fixed assets and current assets of the Company.  | Payable on demand  |
| ii) Short-term loan from bank is secured by pari passu charge on all present and future moveable and immovable assets, including but not limited to inventory of set-top-box and accessories etc., book debts, operating cash flows, receivables, commissions, revenue and on all intangible assets, including but not limited to goodwill and uncalled capital, if any, of the Company. | Payable on maturity along with interest at the rate of 12.50% per annum. |
- b) The Company did not have any defaults as on the balance sheet date in repayment of loans and interests.

## 9. Trade payables

Sundry creditors

- Outstanding towards micro and small enterprises
- Others

As at 31 March 2013	As at 31 March 2012
-	-
<b>21,374</b>	12,747
<b>21,374</b>	<b>12,747</b>

The Company does not have any outstanding dues towards micro and small enterprises, based on the information available

## 10. Other current liabilities

- Current maturities of long-term borrowings (also refer to note 5)
- Interest accrued but not due on borrowings
- Income received in advance (also refer to note 6)
- Other payables
  - Statutory dues
  - Accrued loss on forward contracts
  - Advances/ deposits received
  - Book overdraft
  - Commission accrued
  - Employees' reimbursements
  - Creditors for fixed assets

As at 31 March 2013	As at 31 March 2012
<b>75,695</b>	18,593
<b>828</b>	703
<b>29,464</b>	30,148
<b>4,231</b>	2,343
<b>69</b>	-
<b>8,935</b>	6,947
<b>1,258</b>	2,209
<b>1,164</b>	1,408
<b>266</b>	192
<b>18,354</b>	8,083
<b>140,264</b>	<b>70,626</b>

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

(All amounts in ₹ lacs, unless stated otherwise)

## 11. Short-term provisions

Provision for employee benefits (refer to note 7)

- Gratuity (refer to note 35)

- Vacation pay

Other provisions

-Regulatory dues (refer to note 39)

-Wealth tax

As at 31 March 2013	As at 31 March 2012
38	6
32	11
65,366	48,917
33	1
<b>65,469</b>	<b>48,935</b>

## 12.1. Fixed Assets - Tangible assets As at 31 March 2013

Particulars	Gross block				Depreciation				Net block	
	As at 31 March 2012	Additions	Sales/ adjustments	As at 31 March 2013	As at 31 March 2012	For the year#	Sales/ adjustments	As at 31 March 2013	As at 31 March 2013	
Plant and machinery	13,927	356	-	14,283	6,921	1,490	-	8,411	5,872	
Consumer premises equipment [Refer to note 38 b)]	269,175	60,772	-	329,947	135,502	61,764	-	197,266	132,681	
Computers	940	223	13	1,150	489	157	2	644	506	
Office equipment*	209	45	0	254	45	12	0	57	197	
Furniture and fixtures	212	5	-	217	50	16	-	66	151	
Vehicles and aircraft	250	3,376	36	3,590	105	172	14	263	3,327	
Leasehold improvements**	47	-	-	47	46	1	-	47	0	
<b>Total</b>	<b>284,760</b>	<b>64,777</b>	<b>49</b>	<b>349,488</b>	<b>143,158</b>	<b>63,612</b>	<b>16</b>	<b>206,754</b>	<b>142,734</b>	

## As at 31 March 2012

Particulars	Gross block				Depreciation				Net block	
	As at 31 March 2011	Additions	Sales/ adjustments	As at 31 March 2012	As at 31 March 2011	For the year	Sales/ adjustments	As at 31 March 2012	As at 31 March 2012	
Plant and machinery	13,300	627	-	13,927	5,402	1,519	-	6,921	7,006	
Consumer premises equipment [Refer to note 38 b)]	212,642	56,533	-	269,175	86,440	49,062	-	135,502	133,673	
Computers***	740	202	2	940	361	128	0	489	451	
Office equipments	171	38	-	209	34	11	-	45	164	
Furniture and fixtures	206	7	1	212	36	15	1	50	162	
Vehicles	282	-	32	250	82	26	3	105	145	
Leasehold improvements	46	1	-	47	45	1	-	46	1	
<b>Total</b>	<b>227,387</b>	<b>57,408</b>	<b>35</b>	<b>284,760</b>	<b>92,400</b>	<b>50,762</b>	<b>4</b>	<b>143,158</b>	<b>141,602</b>	

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

[All amounts in ₹ lacs, unless stated otherwise]

## 12.2. Fixed Assets - Intangible assets

As at 31 March 2013

Particulars	Gross block				Amortisation				Net block	
	As at 31 March 2012	Additions	Sales/ adjustments	As at 31 March 2013	As at 31 March 2012	For the year	Sales/ adjustments	As at 31 March 2013	As at 31 March 2013	
Goodwill	4,512	-	-	4,512	4,512	-	-	4,512	-	
License fees	1,174	-	-	1,174	981	135	-	1,116	58	
Software	2,220	485	-	2,705	1,980	132	-	2,112	593	
<b>Total</b>	<b>7,906</b>	<b>485</b>	<b>-</b>	<b>8,391</b>	<b>7,473</b>	<b>267</b>	<b>-</b>	<b>7,740</b>	<b>651</b>	

As at 31 March 2012

Particulars	Gross block				Amortisation				Net block	
	As at 31 March 2011	Additions	Sales/ adjustments	As at 31 March 2012	As at 31 March 2011	For the year	Sales/ adjustments	As at 31 March 2012	As at 31 March 2012	
Goodwill	4,512	-	-	4,512	3,835	677	-	4,512	-	
License fees	1,174	-	-	1,174	846	135	-	981	193	
Software	2,131	89	-	2,220	1,754	226	-	1,980	240	
<b>Total</b>	<b>7,817</b>	<b>89</b>	<b>-</b>	<b>7,906</b>	<b>6,435</b>	<b>1,038</b>	<b>-</b>	<b>7,473</b>	<b>433</b>	

### Footnotes:

- i) Additions/ adjustments to gross block of consumer premises equipment (CPE) and plant and machinery include loss on account of foreign exchange fluctuations amounting to ₹ 12,302 lacs (previous year ₹ 2,057 lacs), and ₹ 165 lacs (previous year ₹ 44 lacs) respectively [also refer to note 45 a)].
- # Depreciation for the current year includes ₹ 1,124 lacs pertaining to foreign exchange fluctuations adjustment relating to previous year ended 31 March 2012 as referred in note 52.
- \* ₹ 20,450 in additions and ₹ 1,249 in sales/ adjustments for the year 2012-13.
- \*\* ₹ 44,851 is the net block as at 31 March 2013.
- \*\*\* ₹ 17,230 is the sales/adjustments of accumulated depreciation for the year 2011-12.

## 13. Non-current investments (Unquoted)

Long term investments (at cost, unless specified otherwise)

Trade investments

Investments in equity instruments

In subsidiary companies (fully paid up)

Digital Network Distribution Pte Limited (formerly known as Dish TV Singapore Pte Limited)\*

Nil (previous year 1) equity share of SGD 1, fully paid up [also refer to note 33 a)].

\* represents ₹ 41 (SGD 1).

Dish T V Lanka (Private) Limited

70,000 (previous year nil) equity shares of LKR 10, each fully paid up [also refer to note 33 b)].

Others

Balance of unutilised monies raised by issue

- Certificate of deposit

Represents deposits with SICOM Limited (a financial institution). [refer to note 43]

Aggregate book value of unquoted investments

	As at 31 March 2013	As at 31 March 2012
Digital Network Distribution Pte Limited (formerly known as Dish TV Singapore Pte Limited)*	-	0
Dish T V Lanka (Private) Limited	3	-
Balance of unutilised monies raised by issue	-	15,000
<b>Total</b>	<b>3</b>	<b>15,000</b>
<b>Aggregate book value of unquoted investments</b>	<b>3</b>	<b>15,000</b>



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

(All amounts in ₹ lacs, unless stated otherwise)

### 14. Long-term loans and advances

(Unsecured and considered good, unless otherwise stated)

	As at 31 March 2013	As at 31 March 2012
Capital advances	11	-
Security deposits	156	179
Loans and advances to related parties [refer to note 37 d)]		
Prepaid expenses	1,065	-
Others	89	-
Others:		
Prepaid expenses	840	187
Advance tax [net of provision ₹ nil (previous year ₹ 70 lacs)]	2,352	1,529
Amounts/ taxes paid under protest	2,033	1,585
	<u>6,546</u>	<u>3,480</u>

### 15. Other non-current assets

	As at 31 March 2013	As at 31 March 2012
Deposits with banks with maturity period more than 12 months (refer to note 19)	970	695
	<u>970</u>	<u>695</u>

### 16. Current investments

	As at 31 March 2013	As at 31 March 2012
Investments in Mutual Funds# (unquoted) (refer to note 49)	7,818	-
# Net assets value ₹ 7,916 lacs (previous year ₹ nil) of mutual funds, though unquoted		
Trade investments		
- Current maturities of long-term investment		
In subsidiary companies (fully paid up)		
Digital Network Distribution Pte Limited (formerly known as Dish TV Singapore Pte Limited)*	0	-
1 (previous year nil) equity share of one SGD fully paid up [also refer to note 33 a)].		
* represent ₹ 41 (SGD 1).		
Others		
- Certificate of deposit	20,000	-
Represents deposits with SICOM Limited (a financial institution). (refer to note 43)		
Out of ₹ 20,000 lacs, ₹ 15,000 lacs, being unutilised monies raised by issue, represents current maturities of long-term investments.		
	<u>27,818</u>	<u>-</u>
	<u>27,818</u>	<u>-</u>

Aggregate book value of unquoted investments

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

[All amounts in ₹ lacs, unless stated otherwise]

## 17. Inventories

Stock-in-trade (at the lower of cost and net realisable value)  
-Customer premises equipment related accessories and spares

As at 31 March 2013	As at 31 March 2012
861	688
<b>861</b>	<b>688</b>

## 18. Trade receivables

*(Unsecured and considered good, unless otherwise stated)*

Debts outstanding for a period exceeding six months  
- Considered good  
- Considered doubtful  
Other debts  
- Considered good

Provision for doubtful debts

As at 31 March 2013	As at 31 March 2012
761	521
76	117
<b>2,275</b>	<b>2,340</b>
<b>3,112</b>	<b>2,978</b>
(76)	(117)
<b>3,036</b>	<b>2,861</b>

## 19. Cash and bank balances

	As at 31 March 2013	As at 31 March 2012	As at 31 March 2013	As at 31 March 2012
	Current		Non current	
<b>Cash and cash equivalents</b>				
Balances with banks :				
- in current accounts #	11,037	3,638	-	-
- deposits with maturity of upto 3 months	52	48	-	-
Cheques, drafts on hand	103	12,553	-	-
Cash on hand	2	1	-	-
<b>Other bank balances</b>				
- deposits with maturity of more than 3 months ##	25,016	22,273	970	695
	<b>36,210</b>	<b>38,513</b>	<b>970</b>	<b>695</b>
Less: amount disclosed under the head other non-current assets (refer to note 15)	-	-	970	695
	<b>36,210</b>	<b>38,513</b>	-	-

# include ₹ 29 lacs (previous year ₹ 338 lacs) in share call money accounts in respect of rights issue.

## includes unutilised proceeds of GDR Issue amounting to ₹ 22,266 lacs (previous year ₹ 20,634 lacs)

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

(All amounts in ₹ lacs, unless stated otherwise)

### 20. Short-term loans and advances

(Unsecured and considered good, unless otherwise stated)

Considered good

Loans and advances to related parties [refer to note 37 d)]

- Prepaid expenses

- Others

Others

- Prepaid expenses

- Advances to vendors, distributors, etc.

- Customs duty, service tax and sales tax, etc

- Security deposits

As at 31 March 2013	As at 31 March 2012
3,193	-
10,437	9,376
2,039	568
5,193	3,364
9,212	6,615
704	531
<u>30,778</u>	<u>20,454</u>

### 21. Other current assets

Income accrued but not due on fixed deposits

Insurance claim receivable

Unamortised premium on forward contracts

Accrued gains on forward contracts

As at 31 March 2013	As at 31 March 2012
57	28
396	15
84	5
-	780
<u>537</u>	<u>828</u>

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

[All amounts in ₹ lacs, unless stated otherwise]

## 22. Revenue from operations

Income from Direct to home (DTH) subscribers :

- Subscription revenue	
- Lease rentals	
Teleport services	
Bandwidth charges	
Sales of customer premises equipment (CPE) and accessories	
Advertisement income	
Other operating income	

For the year ended 31 March 2013	For the year ended 31 March 2012
192,281	166,389
15,965	22,057
1,975	1,397
3,196	3,967
502	354
2,528	1,594
233	24
<b>216,680</b>	<b>195,782</b>

## 23. Other income

Interest income from	
- long-term investments	
- current investments	
- fixed deposits/ margin accounts	
- others	
Foreign exchange fluctuation	
Profit on redemption of units of mutual funds (non trade, current)	
Profit on sale of investment (trade) in a subsidiary [refer to note 33 d)]	
Liabilities written back	
Miscellaneous income	

For the year ended 31 March 2013	For the year ended 31 March 2012
1,612	1,882
259	-
1,338	1,165
250	362
686	1,928
412	75
-	93
56	201
507	81
<b>5,120</b>	<b>5,787</b>

## 24. Changes in inventories of stock-in-trade

Opening stock	
Less: Closing stock	

For the year ended 31 March 2013	For the year ended 31 March 2012
688	444
861	688
<b>(173)</b>	<b>(244)</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

(All amounts in ₹ lacs, unless stated otherwise)

### 25. Operating expenses

Transponder lease
License fees
Uplinking charges
Programming and other costs (refer to note 51)
Entertainment tax

For the year ended 31 March 2013	For the year ended 31 March 2012
11,669	11,358
22,570	20,025
708	703
65,247	60,874
10,612	6,793
<b>110,806</b>	<b>99,753</b>

### 26. Employee benefits expenses

Salary, bonus and allowances
Contribution to provident and other funds
Staff welfare
Recruitment and training expenses

For the year ended 31 March 2013	For the year ended 31 March 2012
7,546	6,543
477	402
99	76
95	77
<b>8,217</b>	<b>7,098</b>

### 27. Selling and distribution expenses

Advertisement and publicity expenses
Business promotion expenses
Commission
Customer support services

For the year ended 31 March 2013	For the year ended 31 March 2012
7,609	7,967
426	354
15,587	15,082
6,742	5,690
<b>30,364</b>	<b>29,093</b>

### 28. Finance costs

Interest on:
-Term loans from banks
-Buyer's credits from banks
-Others
Foreign exchange fluctuation (net)
Other borrowing costs

For the year ended 31 March 2013	For the year ended 31 March 2012
2,759	5,857
3,261	2,078
4,998	2,968
-	7,027
1,818	1,778
<b>12,836</b>	<b>19,708</b>



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

[All amounts in ₹ lacs, unless stated otherwise]

### 29. Other expenses

	For the year ended 31 March 2013	For the year ended 31 March 2012
Electricity charges	503	361
Rent	892	533
Repairs and maintenance		
- Plant and machinery	429	210
- Building	35	45
- Others	158	156
Insurance	88	39
Rates and taxes	89	44
Legal and professional fees	1,791	1,367
Director's sitting fees	13	11
Printing and stationary	572	511
Communication expenses	854	610
Travelling and conveyance	1,147	848
Service and hire charges	890	707
Freight, cartage and demurrage	2	498
Bad debts and balances written off	209	163
Provision for doubtful debts	-	41
Loss on sale/discard of fixed assets	12	5
Loss on sale/discard of capital work-in-progress	797	2,885
Miscellaneous expenses	113	475
	<b>8,594</b>	<b>9,509</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

(All amounts in ₹ lacs, unless stated otherwise)

### 30. CIF value of imports

Particulars	For the year ended 31 March 2013	For the year ended 31 March 2012
Capital equipment	62,382	47,926
CPE related accessories and spares	358	356

### 31. Expenditure in foreign currency (accrual basis)

Particulars	For the year ended 31 March 2013	For the year ended 31 March 2012
Programming and other cost	7,540	5,589
Transponder leases	-	1,321
Professional and consultancy charges	504	49
Travelling expenses	11	6
Finance expenses	3,261	2,078
Others	44	2

### 32. Earnings in foreign currency (accrual basis)

Particulars	For the year ended 31 March 2013	For the year ended 31 March 2012
Interest income	1,089	938
Bandwidth charges	601	109
Subscription income*	9,469	585
Others	5	3

\* represents collection in foreign currency with regard to services rendered in India.

33. a) The name of the Company's wholly owned subsidiary in Singapore viz Dish TV Singapore Pte Limited was changed to Digital Network Distribution Pte Limited on 12 March 2013. The Company entered into Share Purchase Agreement dated 19 March 2013 with a party for transfer of its investment at an agreed price of Singapore Dollar 12,000. On 1 April 2013, shareholding in Digital Network Distribution Pte Limited was transferred to other party and, accordingly, as at 31 March 2013, the investment has been shown under current maturities of long term investment.
- b) Dish T V Lanka (Private) Limited, a Joint Venture ('JV') Company, was incorporated on 25 April 2012 under the laws of Sri Lanka. Dish TV India Ltd holds 70% share capital in the JV Company with Satnet (Private) Limited, a company duly incorporated and having a DTH License in Sri Lanka, holding 30% of the share capital. The said JV Company shall engage in providing DTH related services in Sri Lanka.
- c) During the previous year, upon inter-se transfer of shares between the Promoters, with effect from 26 December 2011 the Company became a subsidiary of Direct Media Distribution Ventures Pvt. Ltd (formerly known as Dhaka Warriors Sports Private Limited).  
During the current year, Direct Media Distribution Ventures Pvt. Ltd. disinvested its holding in the Company from 59.86% to 45.24% and consequently, it ceases to be the holding company of Dish TV India Limited.
- d) The Company, to enhance its focus on core Direct to Home (DTH) operations and to capitalize the growth prospects of DTH industry, divested its entire investment on 1 June 2011 in Integrated Subscribers Management Services Limited and recorded profit on sale of such investment amounting to ₹ 93 lacs in 'Other income' in the previous year.

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

[All amounts in ₹ lacs, unless stated otherwise]

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

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

The options granted under the Scheme shall vest between one year to six years from the date of grant of options, with 20% vesting each year. Once the options vest as per the Scheme, they would be exercisable by the grantee at any time within a period of four years from the date of vesting and the shares arising on exercise of such options shall not be subject to any lock-in period.

The shareholders in their meeting held on 28 August 2008 approved the re-pricing of outstanding options which were granted till that date and consequently the options were re-priced at ₹ 37.55 per option, determined as per SEBI (ESOP) Guidelines, 1999.

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

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

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

Particulars	For the year ended 31 March 2013 (Nos.)	For the year ended 31 March 2012 (Nos.)
Options outstanding at the beginning of the year	1,779,180	2,293,220
Add: Options granted	141,450	125,000
Less: Exercised	461,300	447,340
Less: Lapsed	175,040	191,700
Options outstanding at the end of the year	1,284,290	1,779,180

The following table summarizes information on the share options outstanding as of 31 March 2013:

Particulars	Date of grant	Number of shares remaining out of options	Remaining contractual life	Exercise price
Lot 1	21 August 2007	80,300	4.39	37.55*
Lot 2	24 April 2008	-	-	-
Lot 3	28 August 2008	10,500	5.41	37.55*
Lot 4	28 May 2009	195,040	6.16	47.65
Lot 5	27 October 2009	64,360	6.58	41.45
Lot 6	26 October 2010	112,440	7.57	57.90
Lot 7	21 January 2011	640,200	7.81	58.95
Lot 8	20 July 2011	40,000	8.30	93.20
Lot 9	19 July 2012	141,450	9.30	68.10
Options outstanding at the end of the year		1,284,290	7.42#	56.83#

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

[All amounts in ₹ lacs, unless stated otherwise]

The following table summarizes information on the share options outstanding as of 31 March 2012:

Particulars	Date of grant	Number of shares remaining out of options	Remaining contractual life	Exercise price
Lot 1	21 August 2007	364,350	5.39	37.55*
Lot 2	24 April 2008	-	-	-
Lot 3	28 August 2008	27,000	6.41	37.55*
Lot 4	28 May 2009	302,030	7.16	47.65
Lot 5	27 October 2009	133,480	7.58	41.45
Lot 6	26 October 2010	131,720	8.57	57.90
Lot 7	21 January 2011	695,600	8.81	58.95
Lot 8	20 July 2011	125,000	9.30	93.20
Options outstanding at the end of the year		1,779,180	7.72#	53.34#

\* re-priced as per Shareholders' approval on 28 August 2008. Refer note above

# on a weighted average basis.

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

Defined contribution plans

An amount of ₹ 430 lacs (previous year ₹ 360 lacs) and ₹ 5 lacs (previous year ₹ 6 lacs) for the year, have been recognized as expenses in respect of the Company's contributions to Provident Fund and Employee's State Insurance Fund respectively, deposited with the government authorities and have been included under "Employee benefits expenses".

Defined benefit plans

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

The following table sets forth the status of the gratuity plan of the Company and the amounts recognised in the Balance Sheet and Statement of Profit and Loss:

Particulars	For the year ended 31 March 2013	For the year ended 31 March 2012
<b>Changes in present value of obligation</b>		
Present value of obligation as at the beginning of the year	660	426
Interest cost	53	36
Current service cost	207	191
Benefits paid	(19)	(9)
Actuarial (gain)/loss on obligation	(69)	16
Present value of obligation as at the end of the year	832	660
Short term	38	6
Long term	794	654
	832	660
<b>Expenses recognized in the Statement of Profit and Loss</b>		
Current service cost	207	191
Interest cost on benefit obligation	53	36
Net actuarial (gain)/loss recognised in the year	(69)	16
Expenses recognised in the Statement of Profit and Loss	191	243

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

[All amounts in ₹ lacs, unless stated otherwise]

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

Particulars	As at 31 March 2013	As at 31 March 2012
Discount rate	8.00	8.50
Salary escalation rate (per annum)	10.00	11.00
<b>Withdrawal rates</b>		
Age- Upto 30 years	13%	13%
31-44 years	2%	2%
Above 44 years	1%	1%
Mortality rate	IALM (1994 - 96)	LIC (1994 - 96)

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

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

## Experience adjustment:-

Particulars	As at 31 March 2009	As at 31 March 2010	As at 31 March 2011	As at 31 March 2012	As at 31 March 2013
Defined benefit obligation (DBO)	202	310	426	660	832
Plan assets	-	-	-	-	-
Net assets (liability)	(202)	(310)	(426)	(660)	(832)
Experience adjustment on DBO-Gain (Loss)	(25)	7	35	16	73
Experience adjustment on plan assets	-	-	-	-	-

## 36. Segmental information

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

## 37. Related party disclosures

- a) Related parties where control exists:
- Holding company:  
Direct Media Distribution Ventures Private Limited. (formerly known as Dhaka Warriors Sports Private Limited) (with effect from 26 December 2011 upto 30 March 2013)
- Subsidiary companies:  
Integrated Subscriber Management Services Limited (ISMSL) {ISMSL was subsidiary till 31 May 2011; renamed as Essel Business Processes Limited (EBPL), and with effect from 16 October 2011 merged with Cyquator Media Services Private Limited (all referred to as 'Cyquator')}
- Digital Network Distribution PTE Limited. (formerly known as Dish TV Singapore Pte Limited.)
- Dish TV Lanka (Private) Limited (with effect from 25 April 2012)



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

(All amounts in ₹ lacs, unless stated otherwise)

b) Other related parties with whom the Company had transactions:

Key management personnel	Mr. Jawahar Lal Goel
Relative of key management personnel	Mr. Gaurav Goel
Enterprises over which key management personnel/ their relatives have significant influence	Agrani Convergence Limited ASC Telecommunication Private Limited (formerly known as ASC Telecommunication Limited) Asia Today Limited Churu Trading Company Private Limited Cyquator Media Services Private Limited/ Essel Business Processes Limited (referred to as Cyquator) (w.e.f. 1 June 2011) Dakshin Media Gamming Solutions Private Limited Diligent Media Corporation Limited E-City Property Management & Services Private Limited E-City Bioscope Entertainment Private Limited Essel Agro Private Limited Essel Corporate Resources Private Limited Essel Infraprojects Limited Essel International Limited Interactive Finance and Trading Services Private Limited. ITZ Cash Card Limited Media Pro Enterprise India Private Limited PAN India Network Infravest Private Limited PAN India Network Limited PAN India Paryatan Private Limited Procall Private Limited Rama Associates Limited Siti Cable Network Limited (formerly known as Wire and Wireless (India) Limited) Taj Television India Private Limited Taj TV Limited Zee Akash News Private Limited Zee Entertainment Enterprises Limited Zee News Limited Zee Turner Limited ZEE Telefilms Middle East Fz LLC

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

[All amounts in ₹ lacs, unless stated otherwise]

c) Transactions with related parties:

Particulars	For the year ended 31 March 2013		For the year ended 31 March 2012	
	Total Amount	Amount for major parties	Total Amount	Amount for major parties
<b>(i) With key management personnel</b>	<b>82</b>		<b>83</b>	
Managerial remuneration		82		83
<b>(ii) Relative of key management personnel</b>	<b>34</b>		<b>16</b>	
Remuneration		34		16
<b>(iii) With subsidiary companies</b>				
<b>Purchase of goods and services:</b>	<b>33</b>		<b>1,400</b>	
Cyquator		-		1,398
Digital Network Distribution PTE Limited		33		2
<b>Interest received</b>	<b>8</b>		<b>152</b>	
Dish TV Lanka (Private) Limited		8		-
Cyquator		-		152
<b>Short-term/Long term loans and advances</b>	<b>89</b>		<b>8,490</b>	
Cyquator		-		8,490
Dish TV Lanka (Private) Limited		89		-
<b>Refund received against loans, advances and deposits given</b>	<b>-</b>		<b>2,122</b>	
Cyquator		-		2,122
<b>Assets and liabilities taken over under slump sale</b>				
Cyquator	<b>-</b>		<b>4,373</b>	
- Total assets		-		5,308
- Total liabilities		-		935
<b>Investments</b>	<b>3</b>		<b>#</b>	
Digital Network Distribution PTE Limited		-		#
Dish TV Lanka (Private) Limited		3		-
<b>Collections on behalf of company</b>	<b>9,395</b>		<b>1,420</b>	
Digital Network Distribution PTE Limited		9,395		1,420
<b>Remittance received out of collections on behalf of company</b>	<b>9,851</b>		<b>747</b>	
Digital Network Distribution PTE Limited		9,851		747
<b>(iv) With other related parties:</b>				
<b>Revenue from operation and other income (net of taxes)</b>	<b>2,562</b>		<b>1,541</b>	
Zee Entertainment Enterprises Limited		1,419		696
Zee News Limited		572		463
Zee Aakash News Private Limited		212		172
Asia Today Limited		147		126
Siti Cable Network Limited		1		64
Other related parties		211		20

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

(All amounts in ₹ lacs, unless stated otherwise)

Particulars	For the year ended 31 March 2013		For the year ended 31 March 2012	
	Total Amount	Amount for major parties	Total Amount	Amount for major parties
<b>Purchase of goods and services</b>	<b>36,195</b>		<b>31,300</b>	
Zee Turner Limited		-		2,400
Zee Entertainment Enterprises Limited		1,933		4,529
ITZ Cash Card Limited		1,575		1,573
Taj Television India Private Limited		4,500		4,070
Cyquator		6,871		4,875
Media Pro Enterprise India Private Limited		20,457		12,921
Other related parties		859		932
<b>Rent paid</b>	<b>326</b>		<b>327</b>	
Zee Entertainment Enterprises Limited		288		287
Rama Associates Limited		32		32
Other related parties		6		8
<b>Interest paid</b>	<b>9</b>		<b>4</b>	
Essel International Limited		9		4
<b>Interest received</b>	<b>118</b>		<b>178</b>	
Essel Agro Private Limited		4		-
ASC Telecommunication Private Limited		113		133
Cyquator		-		45
Agrani Convergence Limited		1		-
<b>Sale of investments</b>	<b>-</b>		<b>108</b>	
Essel Corporate Resources Pvt. Ltd.		-		108
<b>Reimbursement of expenses paid</b>	<b>581</b>		<b>351</b>	
Zee Entertainment Enterprises Limited		479		335
E-City Bioscope Entertainment Pvt. Ltd.		95		5
Other related parties		8		11
<b>Reimbursement of expenses received</b>	<b>2</b>		<b>3</b>	
Siti Cable Network Limited		0		1
Zee Entertainment Enterprises Limited		1		1
Zee News Limited		1		1
Other related parties		*		^
<b>Balances written off</b>	<b>-</b>		<b>18</b>	
PAN India Network Limited		-		17
Dakshin Media Gaming Solutions Private Limited		-		1
<b>Prepaid expenses</b>	<b>4,258</b>		<b>-</b>	
Media Pro Enterprise India Private Limited		4,258		-
<b>Short-term borrowings taken</b>	<b>-</b>		<b>12,500</b>	
Essel International Limited		-		12,500

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

[All amounts in ₹ lacs, unless stated otherwise]

Particulars	For the year ended 31 March 2013		For the year ended 31 March 2012	
	Total Amount	Amount for major parties	Total Amount	Amount for major parties
<b>Repayment of Short-term borrowings</b>	<b>12,500</b>		<b>-</b>	
Essel International Limited		12,500		-
<b>Short-term loans and advances made</b>	<b>4,557</b>		<b>1,429</b>	
ITZ Cash Card Limited		362		707
Cyquator		4,120		610
Essel Agro Private Limited		29		101
Other related parties		46		11
<b>Refunds received against short- term loans and advances</b>	<b>1,048</b>		<b>7,324</b>	
ITZ Cash Card Limited		559		821
Cyquator		443		6,489
Other related parties		46		14

# ₹ 41 (Singapore Dollar 1)

@ ₹ 20,439

\* ₹ 15,897

^ ₹ 14,636

d) Balances at the year end:

Particulars	As at 31 March 2013		As at 31 March 2012	
	Total Amount	Amount for major parties	Total Amount	Amount for major parties
<b>With subsidiary companies:</b>				
<b>Investments</b>	<b>3</b>		<b>#</b>	
Digital Network Distribution PTE Limited		#		#
Dish T V Lanka (Private) Limited		3		-
<b>Trade payables</b>	<b>-</b>		<b>2</b>	
Digital Network Distribution PTE Limited		-		2
<b>Interest receivable</b>	<b>8</b>		<b>-</b>	
Dish T V Lanka (Private) Limited		8		-
<b>With other related parties:</b>				
<b>Short-term loans and advances</b>	<b>13,630</b>		<b>9,376</b>	
Essel Agro Private Limited		2,333		2,302
Digital Network Distribution PTE Limited		217		673
ITZ Cash Card Limited		327		523
ASC Telecommunication Private Limited		-		1,995
Cyquator		7,560		3,882
Media Pro Enterprise India Private Limited		3,193		-
Other related parties		!		1

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

(All amounts in ₹ lacs, unless stated otherwise)

Particulars	As at 31 March 2013		As at 31 March 2012	
	Total Amount	Amount for major parties	Total Amount	Amount for major parties
<b>Long-term loans and advances</b>	<b>1,154</b>		<b>-</b>	
Dish TV Lanka (Private) Limited		89		-
Media Pro Enterprise India Private Limited		1,065		-
<b>Short-term borrowings</b>	<b>-</b>		<b>12,500</b>	
Essel International Limited		-		12,500
<b>Trade payables</b>	<b>13,292</b>		<b>4,930</b>	
Zee Entertainment Enterprises Limited		502		955
Zee Turner Limited		-		1,758
Media Pro Enterprise India Private Limited		12,697		1,780
Other related parties		93		437
<b>Trade receivables</b>	<b>1,371</b>		<b>685</b>	
Asia Today Limited		145		96
Zee News Limited		314		200
Zee Entertainment Enterprises Limited		569		44
Dakshin Media Gaming Solution Private Limited		148		148
Siti Cable Network Limited		142		197
Zee Aakash News Private Limited		53		-
Others Related Parties		*		-

# ₹ 41 (Singapore Dollar 1)

! ₹ 18,206

\* ₹ 15,695

e) Guarantees etc. given by related parties in respect of secured loans:

- As at 31 March 2013, personnel guarantees by key managerial personnel amounting to ₹ 30,000 lacs (previous year ₹ 30,000 lacs) and corporate guarantee by Churu Trading Company Private Limited amounting to ₹ 30,000 lacs (previous year ₹ 30,000 lacs) are outstanding as at the year end.
- As at 31 March 2013, corporate guarantee by Direct Media Distribution Ventures Private Limited (formerly known as Dhaka Warriors Sports Private Limited) amounting to ₹ 60,000 lacs (previous year ₹ 20,000 lacs) are outstanding at the year end.
- As at 31 March 2013, corporate guarantee by Zee Entertainment Enterprises Limited amounting to ₹ 4,370 lacs (previous year ₹ 13,222 lacs). The remaining guarantee is outstanding as at the year end.
- As at 31 March 2013 completion support undertaking from Zee Entertainment Enterprises Limited for the buyer's credit of ₹ nil (previous year ₹ 6,432 lacs).

### 38. Leases

#### a) Obligation on operating lease:

The Company's significant leasing arrangements are in respect of operating leases taken for offices, residential premises, transponder, etc. These leases are cancellable operating lease agreements that are renewable on a periodic basis at the option of both the lessee and the lessor. The initial tenure of the lease generally is for 11 months to 69 months. The details of assets taken on operating leases during the year are as under:



# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

[All amounts in ₹ lacs, unless stated otherwise]

Particulars	For the year ended 31 March 2013	For the year ended 31 March 2012
Lease rental charges during the year (net of shared cost)	12,904	12,162
Sub-lease payment received (being shared cost)	749	669

**b) Assets given under operating lease:**

The Company has leased out assets by way of operating lease. The gross book value of such assets at the end of the year, their accumulated depreciation and depreciation for the year are as given below:

Particulars	As at 31 March 2013	As at 31 March 2012
Gross value of assets	329,947	269,175
Accumulated depreciation	197,266	135,502
Net block	132,681	133,673
Depreciation for the year	61,764	49,062

The lease rental income recognised during the year in respect of non cancellable operating leases and maximum obligations on long term non-cancellable operating lease receivable as per the rentals stated in the agreements are as follows:

Particulars	For the year ended 31 March 2013	For the year ended 31 March 2012
Lease rental income recognised during the year	15,965	22,057

Particulars	Total future minimum lease rentals receivable as at 31 March 2013	Total future minimum lease rentals receivable as at 31 March 2012
Within one year	8,144	13,827
Later than one year and not later than five years	8,328	8,655
Later than five years	-	-

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

Provision for regulatory dues (including interest)

Particulars	As at 31 March 2013	As at 31 March 2012
Opening provision	48,917	31,974
Add: Created during the year	26,023	22,637
Less: Utilised during the year	9,574	5,694
<b>Closing provision</b>	<b>65,366</b>	<b>48,917</b>

The outflow of economic benefits with regard to the disputed portion would be dependent on the final decision by the Regulatory Authority. Presently, it has been considered under the 'Short-term provisions'.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

(All amounts in ₹ lacs, unless stated otherwise)

### 40. Auditors' remuneration

Particulars	For the year ended 31 March 2013	For the year ended 31 March 2012
As auditors		
-Statutory audit	25	25
-Limited review of quarterly results	15	15
-Certifications	12	23
In other capacity		
-Others	21	-
Reimbursement of expenses	5	3
<b>Total</b>	<b>78</b>	<b>66</b>

### 41. Earnings per share

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

Particulars	For the year ended 31 March 2013	For the year ended 31 March 2012
Loss for the year attributable to equity shareholders (in ₹ lacs)	6,575	15,885
Number of shares considered as weighted average shares outstanding for computing basic earnings per share	1,064,067,536	1,063,307,540
Nominal value per share (in ₹)	1	1
Basic and diluted loss per share (in ₹)	0.62	1.49

Since the Company had losses during the current year and previous year, the basic and diluted earnings per share are the same.

### 42. Deferred tax assets

Components of deferred tax asset:

Particulars	For the year ended 31 March 2013	For the year ended 31 March 2012
<b>Deferred tax assets on account of:</b>		
- Depreciation	21,921	15,651
- Unabsorbed depreciation and tax losses	31,044	35,610
- Provision for vacation pay and retirement benefit provision	457	347
- Demerger expenses as per section 35DD	6	5
- Provision for doubtful debts and advances	26	38
- Unrealised foreign exchange loss (gain)	(878)	1,467
<b>Deferred tax assets</b>	<b>52,576</b>	<b>53,118</b>
<b>Recognised in the financial statements</b>	<b>-</b>	<b>-</b>

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

### 43. Rights issue

The Company during the financial year ended 31 March 2009 issued 518,149,592 equity shares of ₹1 each at a premium of ₹ 21 per share for cash to the existing equity shareholders on the record date. The terms of payment were as under:

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

[All amounts in ₹ lacs, unless stated otherwise]

Particulars	Total amount due (per share)	Towards face value (per share)	Towards securities premium (per share)	Total amount	Due on (from the date of allotment, at the option of the Company)	Date of making the Call
	(₹)	(₹)	(₹)	(in ₹ lacs)		
On application	6.00	0.50	5.50	31,089	Along with application	Not applicable
On first call	8.00	0.25	7.75	41,452	After 3 months but within 9 months	The Board at its meeting held on 18 June 2009 decided to make the First Call, payable on or before 31 July 2009*
On second and final call	8.00	0.25	7.75	41,452	After 9 months but within 18 months	The Board at its meeting held on 22 January 2010 decided to make the Second and Final Call, payable on or before 1 March 2010*
<b>Total</b>	<b>22.00</b>	<b>1.00</b>	<b>21.00</b>	<b>113,993</b>		

\* Shareholders are entitled to make the call payment after due date with simple interest @ 8% p.a.

Upto the financial year ended 31 March 2013, the Company has received ₹ 31,089 lacs (previous year ₹ 31,089 lacs) towards the application money on 518,149,592 (previous year 518,149,592) equity shares issued on Rights basis; ₹ 41,436 lacs (previous year ₹ 41,399 lacs) towards the first call money on 517,948,978 (previous year 517,489,670) equity shares; and ₹ 41,434 lacs (previous years ₹ 41,234 lacs) towards the second and final call money on 517,926,664 (previous year 515,427,157) equity shares.

The Company has also received ₹ 29 lacs (previous year ₹ 282 lacs) towards first call and/ or second and final call. Pending completion of corporate action, the amount has been recorded as Share call money pending adjustments under 'Other long term liabilities'.

The utilisation of Rights Issue proceeds have been in accordance with the revised manner of usage of Rights Issue proceeds, as approved by the Board of Directors of the Company, in their meeting held on 28 May 2009. The utilization of the Rights Issue proceeds as per the revised usage aggregating to ₹ 98,959 lacs (previous year ₹ 98,673 lacs) is as under. The monitoring agency, IDBI Bank Limited, has issued its report dated January 18, 2013 on utilization of the Rights Issue proceeds upto 31 December 2012.

The details of utilisation of Rights Issue proceeds by the Company, on an overall basis, are as below:

Particulars	Upto 31 March 2013	Upto 31 March 2012
<b>Amount utilized</b>		
Repayment of loans	28,421	28,421
Repayment of loans, received after right issue launch	24,300	24,300
General corporate purpose/operational expenses	19,693	19,407
Acquisition of Consumer Premises Equipment (CPE)	26,000	26,000
Right issue expenses	545	545
<b>Total money utilised (A)</b>	<b>98,959</b>	<b>98,673</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

(All amounts in ₹ lacs, unless stated otherwise)

Particulars	Upto 31 March 2013	Upto 31 March 2012
<b>Unutilised amount:-</b>		
Deposits with SICOM Limited	15,000	15,000
Balance in current accounts	-	49
<b>Total unutilised money (B)</b>	<b>15,000</b>	<b>15,049</b>
<b>Total (A+B)</b>	<b>113,959</b>	<b>113,722</b>

#### 44. Issue of Global Depository Receipts (GDR Issue):

Pursuant to the approvals obtained by the Company and in accordance with the applicable laws including the Foreign Currency Convertible Bonds and Ordinary Shares (Through Depository Receipts Mechanism) Scheme, 1993, as amended, the Global Depository Receipt (GDR) Offer of the Company for 117,035 GDRs opened for subscription on 23 November 2009 at a price of US \$ 854.50 per GDR, each GDR representing 1000 fully paid equity shares. The pricing of the GDR as per the pricing formula prescribed under Foreign Currency Convertible Bonds and Ordinary Shares (Through Depository Mechanism) Scheme, 1993, as amended, was ₹ 39.80 per fully paid equity share and the relevant date for this purpose was 23 November 2009.

Upon opening, the GDR issue for USD 100 Million (approx) was fully subscribed and the Company received USD 1,000 lacs towards the subscription money. Upon receipt of the subscription money, the Issue Committee of the Board at its meeting held on 30 November 2009, issued and allotted 117,035,000 fully paid equity shares @ ₹ 39.80 per fully paid equity share to M/s Deutsche Bank Trust Company Americas (being the depository) in lieu of the Global Depository Receipts issued. The GDR's are listed at the Luxembourg Stock Exchange.

During the year, 32,000 Global Depository Receipts were cancelled and converted into 32,000,000 equity shares of ₹ 1 each, by the holder and accordingly, the current outstanding GDRs are 85,035, each GDR representing 1000 fully paid equity shares.

The details of utilisation of GDR proceeds by the Company, on an overall basis, is as below:

Particulars	Upto 31 March 2013	Upto 31 March 2012
<b>Amount utilised</b>		
Acquisition of fixed assets including CPEs	7,670	7,670
GDR issue expenses	345	345
Advance against share application money given to subsidiaries	56	56
Repayment of bank loan	755	755
Operational expenses including interest payments, bank charges and exchange fluctuation	21,819	21,065
<b>Total</b>	<b>30,645</b>	<b>29,891</b>
Less: interest earned	(440)	(440)
<b>Total (A)</b>	<b>30,205</b>	<b>29,451</b>
<b>Unutilised amount lying with:</b>		
Balance with bank in fixed deposit in foreign currency	22,266	20,634
<b>Total (B)</b>	<b>22,266</b>	<b>20,634</b>
<b>Total (A+B)</b>	<b>52,471</b>	<b>50,085</b>

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

[All amounts in ₹ lacs, unless stated otherwise]

## 45. Foreign currency transactions

- a) In accordance with the Accounting Standard 11 (AS-11) and related notifications, the foreign currency exchange loss of ₹ 12,467 lacs has been adjusted (previous year foreign currency exchange loss of ₹ 2,101 lacs) in the value of fixed assets and the foreign currency exchange gain of ₹ 51 lacs (previous year foreign currency exchange loss of ₹ 154 lacs) in the capital work in progress.
- b)
  - i) The Company has outstanding forward contracts of US Dollars 70 lacs (previous year US Dollar 126 lacs) at fixed amount of ₹ 3,879 lacs (₹ 5,652 lacs) which will be settled at a future date. These derivative contracts are for the repayment of Buyers' credit loans.
  - ii) Foreign currency transactions outstanding as on the balance sheet date that are not hedged by derivative instruments or otherwise are as under.

(Amount in lacs)

Particulars	As at 31 March 2013			As at 31 March 2012		
	Amount in USD	Amount in SGD	Amount in ₹	Amount in USD	Amount in SGD	Amount in ₹
Balances with bank	409	-	22,266	403	-	20,634
Loans given#	2	-	97	-	-	-
Receivables	4	-	217	13	-	687
Loans and borrowings#	2,548	-	138,591	1,775	-	90,797
Trade Payable	277	-	15,078	100	-*	5,112

\* SGD 5,000

# includes interest accrued

## 46. Supplementary statutory information pursuant to Clause 32 of the Listing Agreement, in respect of loans and advances given:

Name of the enterprise	Balance as at 31 March 2013	Maximum Outstanding during the year 2012-13	Balance as at 31 March 2012	Maximum Outstanding during the year 2011-12
<b>Loans and advances (including advance against share application money) to subsidiaries</b>				
Dish T V Lanka (Private) Limited	89	89	-	-
Cyquator Media Services Private Limited	-	-	-	17,087
<b>Loans and advances given to companies in which directors are interested</b>				
Rama Associate Limited	-	-	-	3
<b>Loans and advances, where there is no repayment schedule*</b>				
Essel Agro Private Limited	-	-	2,302	2,302
ASC Telecommunication Private Limited	-	-	1,995	1,995
Cyquator Media Services Pvt. Ltd.	-	-	3,883	10,019

\* the Company has repayment schedule with these companies and, accordingly, disclosure requirements are not applicable.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

(All amounts in ₹ lacs, unless stated otherwise)

### 47. Contingent liabilities and commitments

#### a) Contingent liabilities

Particulars	As at 31 March 2013	As at 31 March 2012
Claims against the Company not acknowledged as debt	483	483
Income-tax (refer note 47b)	2,652	2,652
Sales tax and Value Added tax	1,046	1,169
Customs duty	795	795
Service tax	5,721	167
Wealth tax	2	1
Entertainment tax (refer note 47c)	1,279	1,244
Legal cases including from customers against the Company	Unascertained	Unascertained

- b) During the year ended 31 March 2011, the Company received a demand notice for income tax and interest thereon aggregating ₹ 4,056 lacs in relation to an earlier year. During the previous year, the assessing authority had reduced the demand to ₹ 2,642 lacs on the basis of application for rectification filed by the Company. The Company deposited ₹ 400 lacs during the previous year; and deposited additional amount of ₹ 330 lacs during the year. The matter pertains to alleged short deduction of tax at source on certain payments and interest thereon for delayed period. The Company has disputed the issue and has filed an appeal against the above said demand with the tax authorities. During the current year, the Company had submitted with the tax authorities the requisite supporting documents/clarification from vendors. The Company, supported by legal view in the matter, is of the view that outcome of the litigation will not have significant impact on the financial statements.
- c) The Company has received notices in various States on applicability of Entertainment Tax, for which no demands have been received. The Company has contested these notices at various Appellate Forums/Courts and the matter is subjudice.

#### d) Commitments

Particulars	As at 31 March 2013	As at 31 March 2012
Estimated amount of contracts remaining to be executed on capital account	48,133	19,343

### 48. Bank balances include:-

Particulars	As at 31 March 2013	As at 31 March 2012
Provided as security to Government authorities	8	7
Held as margin money for bank guarantees	217	178

### 49. The details of current investments in Mutual funds as on 31 March 2013:

Particulars	As at 31 March 2013	As at 31 March 2012
Unquoted at cost		
216,621 units of IDBI Liquid Fund growth (previous year nil)	2,707	-
309,388 units of DSP BlackRock Liquidity Fund-Growth (previous year nil)	5,111	-
<b>Total</b>	<b>7,818</b>	<b>-</b>

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

(All amounts in ₹ lacs, unless stated otherwise)

50. The life of the Consumer Premises Equipment (CPE) for the purposes of depreciation has been estimated by the management as five years. Upto 31 March 2012, in certain cases, the one-time advance contribution towards the CPEs in the form of rental was being recognized over a period of three years from the activation date. The implication of this on these financial statements has not been determined presently.

However, such practice, with effect from 1 April 2012, has been changed to five years in respect of CPEs activated on or after 1 April 2012. There is no significant impact on financial statements for year ended 31 March 2013 on account of change in estimate for revenue recognition.

51. During the financial year 2011-12, the Company migrated from the fixed fee agreement with ESPN Software India Private Limited (ESPN) to the Reference Interconnect Offer (RIO) based agreement for its content fees. Upon refusal by the ESPN to the said migration, the Company approached the Telecom Dispute Settlement Appellate Tribunal (TDSAT). The TDSAT, vide its judgment dated 10 April 2012, allowed the Company to pay the content fees to ESPN w.e.f. 1 September 2011 on the basis of RIO rates published by ESPN and also allowed the Company a refund of any amount representing the difference between the amount paid by the Company as per the fixed fee agreement and the amount payable under the RIO rates w.e.f. 1 September 2011. ESPN filed a Special Leave Petition before the Hon'ble Supreme Court. The Hon'ble Supreme Court, vide its order dated 17 July 2012 refused to grant interim stay on the order of the Hon'ble TDSAT. The Company in view of the order of the TDSAT has exercised its right to claim the above refund amount and adjusted the same from the monthly content fee payable to ESPN.

Further, during the current year, a petition has been filed by the Company against ESPN in TDSAT against the public notices dated 5 November 2012 and 12 November 2012 issued by them for disconnection of their channels from Dish TV DTH platform. TDSAT vide its order dated 23 November 2012 has granted an interim stay on the operation of the said notices and the matter is pending at the TDSAT.

52. Hitherto, the exchange differences arising from foreign currency borrowing to the extent that they are regarded as an adjustment to interest cost, were treated as borrowing cost in terms of AS - 16, "Borrowing Costs". During the year ended 31 March 2013, pursuant to a clarification dated 9 August 2012 from the MCA, the Company has changed the accounting policy w.e.f. 1 April 2011, to treat the same as "foreign exchange fluctuation", to be accounted as per AS - 11 "Effects of Changes in Foreign Exchange Rates", instead of AS - 16 "Borrowing Costs". This change has resulted into reversal of prior year finance cost of ₹ 7,068 lacs and consequential increase in depreciation by ₹ 1,124 lacs during the year ended 31 March 2013. The aforesaid change, resulting in net gain of ₹ 5,944 lacs, has been shown as an 'exceptional items' in the financial statements for the year ended 31 March 2013. In this regard, if the Company had followed the same accounting policy as in the previous year, finance costs for the year would have been higher by ₹ 5,841 lacs; depreciation expense would have been lower by ₹ 1,415 lacs and the loss for the year would have been higher by ₹ 4,426 lacs.

53. Figures of the previous year have been regrouped / rearranged, wherever considered necessary to conform to the current year's presentation. Significant items in this regard are as under:

- Foreign exchange gain amounting to ₹ 1,928 lacs which was classified under 'Finance costs' has been reclassified under 'Other income' as foreign exchange fluctuation.
- Other creditors under 'Other Current liabilities' amounting to ₹ 4,798 lacs have been reclassified in Sundry creditors under 'Trade payable'.
- Advance tax which was classified under 'Short-term loans and advance' amounting to ₹ 1,529 lacs have been reclassified in Advance tax under 'Long-term loans and advance'.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

(All amounts in ₹ lacs, unless stated otherwise)

- d) Advances to vendors, distributors, etc., under 'Short-term loans and advance' amounting to ₹ 673 lacs have been reclassified in 'Loans and advances to related parties under short-term loans and advance'
- e) 'Interest income from fixed deposits/margin money' amounting to ₹ 3,047 lacs have been reclassified in 'Interest income from long-term investments' ₹ 1,882 lacs and in 'Interest income from fixed deposits/ margin money' ₹ 1,165 lacs.

### As per our report attached to the balance sheet

**For B S R & Co.**

*Chartered Accountants*

Firm Registration No.: 101248W

**Kaushal Kishore**

*Partner*

Membership No.: 090075

Place: Gurgaon

Dated: 23 May 2013

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

**Jawahar Lal Goel**

*Managing Director*

DIN: 00076462

**Rajeev K. Dalmia**

*Chief Financial Officer*

Place: Noida

Dated: 23 May 2013

**Arun Duggal**

*Director*

DIN: 00024262

**Ranjit Singh**

*Company Secretary*

Membership No: A15442

# INDEPENDENT AUDITORS' REPORT

**To the Board of Directors of  
Dish TV India Limited**

**1. Report on the Consolidated financial statements**

We have audited the accompanying consolidated financial statements of Dish TV India Limited ("the Company") and its subsidiaries, which comprise the consolidated Balance Sheet as at 31 March 2013, the consolidated Statement of Profit and Loss and the consolidated Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

**2. Managements' Responsibility for the Consolidated Financial Statements**

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**3. Auditors' Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**4. Basis for Qualified Opinion**

*The life of the Consumer Premises Equipment (CPE) for the purposes of depreciation has been estimated by the management as five years. However, in certain cases, the one-time advance contributions towards the CPEs in the form of rentals are recognized as revenue over a period of three years, which is not in line with the estimated life of such assets, in terms of Accounting Standard 19 'Leases', though the impact of which on the consolidated financial statements has not been*

*ascertained by the management. The Company has streamlined the above practice by recognising the revenue over a period of five years in respect of CPEs installed with effect from 1 April 2012.*

*This was a subject matter of qualification in our audit report on the consolidated financial statements for the previous year ended 31 March 2012 [also refer to note 33];*

**5. Opinion**

In our opinion and to the best of our information and according to the explanations given to us, *except for the effects of the matter described in the Basis for Qualified Opinion paragraph*, the consolidated financial statements 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:

- (a) in the case of the consolidated Balance Sheet, of the state of affairs of the Company as at 31 March 2013;
- (b) in the case of the consolidated Statement of Profit and Loss, of the loss for the year ended on that date; and
- (c) in the case of the consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

**6. Emphasis of matter**

Without qualifying our opinion, attention is invited to note 2(c) of the consolidated financial statements. The Company's net worth as at the end of the financial year is completely eroded by its accumulated losses. However, the management has prepared the consolidated financial statements assuming that the Company will continue as a going concern since it has adequate resources in the form of operating cash flows and sanctioned credit facilities from lenders to adequately meet its obligation.

**7. Other matters**

We did not audit the financial statements of Dish T V Lanka (Private) Limited and Dish TV Singapore Pte. Limited (the 'subsidiaries'). The financial statements of these subsidiaries have been audited by other auditors.

The financial statements of Dish T V Lanka (Private) Limited (before eliminating intercompany transactions), incorporated outside India, reflects total assets amounting to ₹ 68 lacs as at 31 March 2013 and total revenues of ₹ Nil for the period ended 31 March 2013. The financial statements of Dish TV Singapore Pte. Limited (before eliminating intercompany transactions), incorporated outside India, reflect total assets amounting to Rs. 230 lacs as at 31 March 2013 and total revenues of Rs. 25 lacs for the year ended 31 March 2013.

The audit reports for the above mentioned subsidiaries have been furnished to us and our opinion, insofar as it relates to the amounts included in respect of the subsidiaries, is based solely upon the reports of the other auditors.

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

**Kaushal Kishore**  
Partner  
Membership No: 090075

Place : Gurgaon  
Date : 23 May 2013

# CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2013

(All amounts in ₹ lacs, unless stated otherwise)

	Note no.	As at 31 March 2013	As at 31 March 2012
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
(a) Share capital	3	10,648	10,636
(b) Reserves and surplus	4	(26,206)	(20,022)
		(15,558)	(9,386)
<b>Non-current liabilities</b>			
(a) Long-term borrowings	5	84,602	101,935
(b) Other long term liabilities	6	15,042	17,984
(c) Long-term provisions	7	1,274	1,052
		100,918	120,971
<b>Current liabilities</b>			
(a) Short-term borrowings	8	3,000	19,500
(b) Trade payables	9	21,380	12,749
(c) Other current liabilities	10	140,266	70,629
(d) Short-term provisions	11	65,470	48,935
		230,116	151,813
<b>Total</b>		<b>315,476</b>	<b>263,398</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
(a) Fixed assets			
(i) Tangible assets	12.1	142,734	141,602
(ii) Intangible assets	12.2	667	433
(iii) Capital work-in-progress		65,352	38,841
		208,753	180,876
(b) Non-current investments	13	-	15,000
(c) Long-term loans and advances	14	6,462	3,480
(d) Other non-current assets	15	970	695
		7,432	19,175
<b>Current assets</b>			
(a) Current investments	16	27,818	-
(b) Inventories	17	861	688
(c) Trade receivables	18	3,036	2,861
(d) Cash and bank balances	19	36,449	39,189
(e) Short-term loans and advances	20	30,598	19,781
(f) Other current assets	21	529	828
		99,291	63,347
<b>Total</b>		<b>315,476</b>	<b>263,398</b>
<b>Significant accounting policies</b>			
	2		

The accompanying notes (1 to 48) form an integral part of the financial statements.

As per our report attached

**For B S R & Co.**

*Chartered Accountants*

Firm Registration No.: 101248W

**Kaushal Kishore**

*Partner*

Membership No.: 090075

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

**Jawahar Lal Goel**

*Managing Director*

DIN: 00076462

**Arun Duggal**

*Director*

DIN: 00024262

**Rajeev K. Dalmia**

*Chief Financial Officer*

**Ranjit Singh**

*Company Secretary*

Membership No: A15442

Place: Gurgaon

Dated: 23 May 2013

Place: Noida

Dated: 23 May 2013



# CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2013

[All amounts in ₹ lacs, unless stated otherwise]

	Note no.	For the period ended 31 March 2013	For the year ended 31 March 2012
<b>Income</b>			
Revenue from operations	22	216,680	195,793
Other income	23	5,114	8,999
<b>Total revenue</b>		<b>221,794</b>	<b>204,792</b>
<b>Expenses</b>			
Purchases of stock-in-trade		920	737
Changes in inventories of stock-in-trade	24	(173)	(244)
Operating expenses	25	110,807	99,715
Employee benefits expense	26	8,217	7,481
Selling and distribution expenses	27	30,364	28,451
Finance costs	28	12,842	19,727
Depreciation and amortization expense	12.1 and 12.2	62,758	52,185
Other expenses	29	8,603	10,054
<b>Total expenses</b>		<b>234,338</b>	<b>218,106</b>
<b>Loss before tax and exceptional items</b>		<b>12,544</b>	<b>13,314</b>
Exceptional items (refer to note 47)		5,944	-
<b>Loss before tax after exceptional items</b>		<b>6,600</b>	<b>13,314</b>
Tax expense		1	-
<b>Loss after tax</b>		<b>6,601</b>	<b>13,314</b>
Less: loss attributable to minority		(1)	-
<b>Loss for the year</b>		<b>6,600</b>	<b>13,314</b>
Basic and diluted loss per equity share (in ₹) (Face value of ₹ 1 each)	40	0.62	1.25

## Significant accounting policies

2

The accompanying notes (1 to 48) form an integral part of the financial statements.

As per our report attached to the consolidated balance sheet.

## For B S R & Co.

Chartered Accountants

Firm Registration No.: 101248W

## Kaushal Kishore

Partner

Membership No.: 090075

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

## Jawahar Lal Goel

Managing Director

DIN: 00076462

## Arun Duggal

Director

DIN: 00024262

## Rajeev K. Dalmia

Chief Financial Officer

## Ranjit Singh

Company Secretary

Membership No: A15442

Place: Gurgaon  
Dated: 23 May 2013

Place: Noida  
Dated: 23 May 2013

## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2013

(All amounts in ₹ lacs, unless stated otherwise)

	For the year ended 31 March 2013	For the year ended 31 March 2012
<b>A. Cash flows from operating activities</b>		
Net loss before tax	(6,600)	(13,314)
<b>Adjustments for :</b>		
Depreciation and amortization expense	63,882	52,185
Loss on sale/ discard of fixed assets and capital work-in-progress	809	3,223
Profit on sale of subsidiary	-	(3,225)
Profit on redemption of units of mutual funds (non trade, current)	(412)	(75)
Foreign exchange fluctuation (net)	(8,739)	4,503
Amount written back	-	(13)
Miscellaneous income	-	(2)
Interest expense	11,018	11,071
Interest income	(3,451)	(3,626)
<b>Operating profit before following adjustments</b>	<b>56,507</b>	<b>50,727</b>
(Increase) in inventories	(173)	(244)
(Increase) in trade receivables	(175)	(599)
(Increase) in long-term loans and advances	(2,151)	(154)
(Increase)/ decrease in short term loans and advances and other current assets	(12,316)	1,005
(Decrease) in other long-term liabilities and provisions	(2,467)	(2,306)
Increase/(decrease) in trade payables, other short-term liabilities	22,542	(7,472)
<b>Cash generated from operations</b>	<b>61,767</b>	<b>40,957</b>
Income taxes (paid)/ received (net)	(822)	157
<b>Net cash flow from operating activities</b>	<b>60,945</b>	<b>41,114</b>
<b>B. Cash flows from investing activities</b>		
Purchases of fixed assets (including capital work in progress and capital advances)	(69,825)	(65,593)
Proceeds from sale of fixed assets	21	5,211
Purchases of investments	(90,500)	(34,300)
Proceeds from sale of investments	78,094	39,375
Sale of investment in subsidiary	-	108
Loans given to body corporates	-	(11)
Refund of loans given to body corporates	1,795	11
Movements in fixed deposits having maturity of more than 3 months	(1,695)	1,694
Interest received	3,422	3,489
<b>Net cash flow used in investing activities</b>	<b>(78,688)</b>	<b>(50,016)</b>

# CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2013 (CONTD.)

[All amounts in ₹ lacs, unless stated otherwise]

	For the year ended 31 March 2013	For the year ended 31 March 2012
<b>C. Cash flows from financing activities</b>		
Interest paid	(6,909)	(7,836)
Proceeds from issue of capital / call money received	428	228
Advance call money on shares	(253)	(7)
Proceeds from long term borrowings (excluding vehicle loans)	50,712	45,576
Repayments of long term borrowings (excluding vehicle loans)	(15,257)	(43,247)
Repayments of vehicle loans	(6)	(8)
Proceeds/ (repayments) from short term borrowings	(16,500)	19,532
<b>Net cash flow from financing activities</b>	<b>12,215</b>	<b>14,238</b>
<b>D. Effect of exchange difference on translation of foreign currency cash and cash equivalents ##</b>	<b>45</b>	<b>0</b>
<b>Net cash flows [increase/(decrease)] during the year (A+B+C+D)</b>	<b>(5,483)</b>	<b>5,336</b>
<b>Decrease in cash and cash equivalents on disposal of subsidiary</b>	<b>-</b>	<b>(155)</b>
<b>Cash and cash equivalents at beginning of the year (refer to note 19)</b>	<b>16,916</b>	<b>11,735</b>
<b>Cash and cash equivalents at end of the year (refer to note 19) #</b>	<b>11,433</b>	<b>16,916</b>
Cash and cash equivalents at the end of the year comprises of :		
Cash on hand	2	1
Balance with scheduled banks :		
- in current account #	11,276	4,314
- deposits with maturity of upto 3 months	52	48
Cheques, drafts on hand	103	12,553
<b>Total cash and cash equivalents</b>	<b>11,433</b>	<b>16,916</b>

# include ₹ 29 lacs (previous year ₹ 338 lacs) in share call money accounts in respect of rights issue.

## represent ₹ 3708 as on 31 March 2012.

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

## Significant accounting policies

2

The accompanying notes (1 to 48) form an integral part of the financial statements.

As per our report attached to the consolidated balance sheet.

## For B S R & Co.

Chartered Accountants

Firm Registration No.: 101248W

## Kaushal Kishore

Partner

Membership No.: 090075

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

## Jawahar Lal Goel

Managing Director

DIN: 00076462

## Arun Duggal

Director

DIN: 00024262

## Rajeev K. Dalmia

Chief Financial Officer

## Ranjit Singh

Company Secretary

Membership No: A15442

Place: Gurgaon

Dated: 23 May 2013

Place: Noida

Dated: 23 May 2013

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

(All amounts in ₹ lacs, unless stated otherwise)

## 1. Background

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

## 2. Significant accounting policies

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

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

### b) Current/ Non-current classification

All assets and liabilities are classified as current and non-current.

#### *Assets*

An asset is classified as current when it satisfies any of the following criteria:

- i) it is expected to be realized in, or is intended for sale or consumption in, the Group's normal operating cycle;
- ii) it is held primarily for the purpose of being traded;
- iii) it is expected to be realized within 12 months after the reporting date; or
- iv) it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

Current assets include the current portion of non-current financial assets.

All other assets are classified as non-current.

#### *Liabilities*

A liability is classified as current when it satisfies any of the following criteria:

- i) it is expected to be settled in the Group's normal operating cycle;
- ii) it is held primarily for the purpose of being traded;
- iii) it is due to be settled within 12 months after the reporting date; or
- iv) the Group does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Current liabilities include current portion of non-current financial liabilities.

All other liabilities are classified as non-current.

#### *Operating cycle*

Operating cycle is the time between the acquisition of assets for processing and their realization in cash or cash equivalents.

### c) Going concern

The management believes that it is appropriate to prepare these financial statements on a 'going concern' basis, for the following reasons:-

- i) The Company holds a DTH license from Government of India which is valid till 30 September 2013 and the process of renewal of the same has been initiated. The Group is of the view that the license would certainly be renewed considering the involvement of interest of public at large.
- ii) The DTH business necessitates long gestation period. Being first mover, the Group has incurred huge cost on establishment and on awareness of the product, brand building on a pan India basis, the benefits of which will accrue in the future years.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

[All amounts in ₹ lacs, unless stated otherwise]

iii) The management is fully seized of the matter and is of the view that going concern assumption holds true and that the Group will be able to discharge its liabilities in the normal course of business since the Group holds sanctioned loan facilities from banks and would meet the debt obligations on due dates.

iv) The Group has positive operating cash flows.

Accordingly, the consolidated financial statements do not require any adjustment as to the balances carried in the balance sheet.

## d) Principles of consolidation

i) The consolidated financial statements relate to the parent company and its subsidiaries. The consolidated financial statements have been prepared in accordance with the principles and procedures for the preparation and presentation as laid down under Accounting Standard 21 on "Consolidated Financial Statements" as specified in the Companies (Accounting Standards) Rules, 2006.

ii) The consolidated financial statements have been prepared on the following basis:

- The consolidated financial statements of the Company and its subsidiaries have been combined on a line by line basis by adding together the book values of all items of assets, liabilities, incomes and expenses after eliminating inter-company transactions in accordance with the Accounting Standard 21 on "Consolidated Financial Statements".
- The consolidated financial statements have been prepared by using uniform accounting policies for significant transactions.
- The excess/ shortfall of cost to the parent company, on the date of acquisition of its investment in subsidiaries over its portion of equity, as the case may be, is recognised in the consolidated financial statements as goodwill/ capital reserve.

iii) The companies considered in the consolidated financial statements are:

Name of the company	Country of incorporation	% shareholding as at 31 March 2013	% shareholding as at 31 March 2012
Dish TV Singapore Pte. Limited <sup>§</sup>	Singapore	100	100
Dish T V Lanka (Private) Limited <sup>1</sup>	Sri Lanka	70	-

During current year:

<sup>§</sup> The name of Dish TV Singapore Pte Limited was changed to Digital Network Distribution Pte Limited on 12 March 2013. The Company entered into a Share Purchase Agreement dated 19 March 2013 with a party for transfer of its investment at an agreed price of Singapore Dollar 12,000 and on 1 April 2013 share holding in Digital Network Distribution Pte Limited was transferred to other party. Accordingly, consolidated financial statements include the financials of the subsidiary.

<sup>1</sup> Dish T V Lanka (Private) Limited, a Joint Venture ('JV') Company, was incorporated on 25 April 2012 under the laws of Sri Lanka. Dish TV India Ltd holds 70% share capital in the JV company with Satnet (Private) Limited, a company duly incorporated and having a DTH License in Sri Lanka, holding 30% of the share capital. The said JV Company shall engage in providing DTH related services in Sri Lanka.

During the previous year:

To enhance the focus of the Group on core Direct to Home (DTH) operations and to capitalize the growth prospects of DTH industry, the Group divested its entire investment in Integrated Subscriber Management Services Limited (ISMSL) on 31 May 2011. Accordingly, the Consolidated Statement of Profit and Loss and Consolidated Cash Flow Statement include results and cash flows relating to ISMSL for the period 1 April 2011 to 31 May 2011. The Consolidated Balance



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

(All amounts in ₹ lacs, unless stated otherwise)

Sheet as at 31 March 2012 does not include balances of assets and liabilities of ISMSL, due to its disposal on 31 May 2011.

## e) Use of estimates

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

## f) Fixed assets

Tangible assets:

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

CPEs are capitalized on activation of the same.

Intangible assets:

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

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

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

## g) Depreciation/ amortisation

Tangible assets:

Depreciation on tangible fixed assets, except CPEs, is provided on the straight-line method at the rates specified in Schedule XIV of the Companies Act, 1956. CPEs are depreciated over their useful life of five years, as estimated by the management [also refer to note 33]. CPEs that remain inactive for a specified long period of time, determined based on past experience, are depreciated on accelerated basis. Corresponding lease advances in such cases are recognised as income.

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

Aircraft is depreciated over the estimated useful life of ten years.

Assets individually costing upto ₹ 5,000 are fully depreciated in the year of purchase, wherever necessary in terms of Schedule XIV to the Companies Act, 1956.

Intangible assets:

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

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

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

[All amounts in ₹ lacs, unless stated otherwise]

## **h) Impairment**

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

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

## **i) Inventories**

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

## **j) Revenue recognition**

### **i) Service income:**

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

### **ii) Sale of goods:**

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

### **iii) Interest income:**

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

## **k) Foreign currency transactions and forward contracts**

### **Foreign currency transactions**

- i) Foreign currency transactions are accounted for at the exchange rate prevailing on the date of the transaction. All monetary foreign currency assets and liabilities are converted at the exchange rates prevailing at the date of the balance sheet. All exchange differences, other than in relation to acquisition of fixed assets and other long term foreign currency monetary liabilities are dealt with in the Consolidated Statement of Profit and Loss.
- ii) In accordance with Accounting Standard-11, "Accounting for the Effects of Changes in Foreign Exchange Rates", exchange differences arising in respect of long term foreign currency monetary items used for acquisition of depreciable capital asset, are added to or deducted from the cost of asset and are depreciated over the balance useful life of asset.
- iii) The premium or discount arising on entering into a forward exchange contract for hedging underlying assets and liabilities is measured by the difference between the exchange rate at the date of the inception of the forward exchange contract and the forward rate specified in the

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

(All amounts in ₹ lacs, unless stated otherwise)

contract and is amortised as expense or income over the life of the contract. Exchange difference on a forward exchange contract is the difference between:

- the foreign currency amount of the contract translated at the exchange rate at the reporting date, or the settlement date where the transaction is settled during the reporting period, and;
- the same foreign currency amount translated at the latter of the date of inception of the forward exchange contract and the last reporting date.

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

## iv) Derivatives

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

## l) Investments

Long-term investments, including their current portion, are carried at cost less diminution, other than temporary in value. Current investments are carried at the lower of cost and fair value which is computed category wise.

## m) Employee benefits

### i) Short-term employee benefits

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

### ii) Post employment benefit

#### Defined contribution plan

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

#### Defined benefit plan

The Group's gratuity scheme is a defined benefit plan. The present value of the obligation under such defined benefit plan is determined based on actuarial valuation carried out at the end of the year by an independent actuary, using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plans, is based on the market yields on Government Securities for relevant maturity. Actuarial gains and losses are recognized immediately in the Consolidated Statement of Profit and Loss.

### iii) Other long term employee benefits

Benefits under the Group's leave encashment constitute other long-term employee benefits. The liability in respect of vacation pay is provided on the basis of an actuarial valuation done by an

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

[All amounts in ₹ lacs, unless stated otherwise]

independent actuary at the year end. Actuarial gains and losses are recognised immediately in the Consolidated Statement of Profit and Loss.

## **n) Employee stock option scheme**

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

## **o) Leases**

Operating lease

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

## **p) Earnings per share**

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

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

## **q) Taxation**

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

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

## **r) Provisions and contingent liabilities**

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

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

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

(All amounts in ₹ lacs, unless stated otherwise)

### 3. Share capital

#### Authorised

1,500,000,000 (previous year 1,350,000,000) equity shares of ₹ 1 each

#### Issued, subscribed and fully paid-up

1,064,662,247 (previous year 1,061,701,440) equity shares of ₹ 1 each, fully paid up

#### Issued, subscribed, but not fully paid-up

222,928 (previous year 2,722,435) equity shares of ₹ 1 each, fully called up (Footnote b)

Less: calls in arrears (other than from directors/ officers)

#### Footnotes:

- a) Reconciliation of the number of shares outstanding at the beginning and at the end of the year

Shares at the beginning of the year

Add: Further issued during the year under Employees Stock Option Plan

Shares at the end of the year

	As at 31 March 2013	As at 31 March 2012
Authorised	15,000	13,500
Issued, subscribed and fully paid-up	10,647	10,617
Issued, subscribed, but not fully paid-up	2	27
Less: calls in arrears (other than from directors/ officers)	(1)	(8)
	<u>10,648</u>	<u>10,636</u>
Reconciliation of the number of shares outstanding at the beginning and at the end of the year		
Shares at the beginning of the year	1,064,423,875	1,063,976,535
Add: Further issued during the year under Employees Stock Option Plan	461,300	447,340
Shares at the end of the year	<u>1,064,885,175</u>	<u>1,064,423,875</u>

- b) 22,314 (previous year 2,062,513 ) equity shares of ₹ 1 each, ₹ 0.75 paid up  
200,614 (previous year 659,922 ) equity shares of ₹ 1 each, ₹ 0.50 paid up.

- c) The Company has only one class of equity shares, having a par value of ₹1 per share. Each shareholder is eligible to one vote per fully paid equity share held (i.e. in proportion to the paid up shares in equity capital). The dividend proposed, if any, by the Board of Directors is subject to approval of shareholders in the ensuing Annual General Meeting, except in case of interim dividend. The repayment of equity share capital in the event of liquidation and buy back of shares are possible subject to prevalent regulations. In the event of liquidation, normally the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

- d) Shares held by ultimate holding company/holding company

Equity shares of ₹ 1 each, fully paid up by

Direct Media Distribution Ventures Private Limited (formerly known as Dhaka Warriors Sports Private Limited) \*

\* 481,786,397 number of equity shares comprising of 45.24% holding in the Company as at 31 March 2013

	As at 31 March 2013	As at 31 March 2012
Shares held by ultimate holding company/holding company	-	637,212,260
Equity shares of ₹ 1 each, fully paid up by	-	59.86%



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

[All amounts in ₹ lacs, unless stated otherwise]

e) Details of shareholders holding more than 5% shares of the Company

Name	As at 31 March 2013		As at 31 March 2012	
	Number of shares	% holding in the Company	Number of shares	% holding in the Company
Direct Media Distribution Ventures Private Limited (formerly known as Dhaka Warriors Sports Private Limited)	481,786,397	45.24%	637,212,260	59.86%
Deutsche Bank Trust Company Americas [footnote f(iii)]	85,035,000	7.99%	117,035,000	11.00%
Direct Media Solutions Private Limited	155,425,863	14.60%	-	-

f) Issued, subscribed and fully paid up shares include:

- 249,300,890 (previous year 249,300,890) equity shares of ₹ 1 each fully paid up, allotted for consideration other than cash pursuant to the Scheme of Arrangement made effective from 1 April, 2006.
- 1,477,780 (previous year 1,016,480) equity shares of ₹ 1 each, fully paid up, issued to the employees, under Employee Stock Option Plan, i.e., ESOP 2007.
- 85,035,000 (previous year 117,035,000) equity shares of ₹ 1 each, fully paid up, for underlying 85,035 nos. (previous year 117,035 nos.) Global Depository Receipts (GDR). Each GDR represents 1,000 Equity Shares of ₹ 1 each.

g) 4,282,228 (previous year 4,282,228) equity shares of ₹ 1 each are reserved for issue under Employee Stock Option Plan 2007. (refer to note 34 for terms and amount etc.)

## 4. Reserves and surplus

	As at 31 March 2013	As at 31 March 2012
<b>Securities premium account</b>		
Opening balance	153,362	153,140
Add: received during the year	416	222
Closing balance	153,778	153,362
<b>General reserves</b>		
Opening balance	1,849	1,849
Closing balance	1,849	1,849
<b>Deficit in the Statement of Profit and Loss</b>		
Opening balance	(175,233)	(161,919)
Less: Loss for the year	(6,600)	(13,314)
Closing balance	(181,833)	(175,233)
	(26,206)	(20,022)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

[All amounts in ₹ lacs, unless stated otherwise]

### 5. Long-term borrowings

	As at 31 March 2013	As at 31 March 2012	As at 31 March 2013	As at 31 March 2012
	Non current		Current maturities	
<i>Secured loans:</i>				
From banks				
Term loans	11,590	16,192	7,102	7,727
Buyer's credits	73,012	85,741	68,591	10,861
Vehicle loans *	-	0	-	2
From other parties				
Vehicle loans	-	2	2	3
	<b>84,602</b>	<b>101,935</b>	<b>75,695</b>	<b>18,593</b>
Less: amount disclosed under the head "Other current liabilities" (refer to note 10)	-	-	75,695	18,593
	<b>84,602</b>	<b>101,935</b>	<b>-</b>	<b>-</b>

\* ₹ 46,531 as on 31 March 2012

### Footnotes:

	Nature of security	Terms of repayment
a) Term loans		
i) Term loans of ₹ 16,192 lacs (previous year ₹ 22,669 lacs) are under syndicate Rupee Loan Facility and are secured by the creation of a first ranking charge by way of mortgage in favor of a security trustee over all the immoveable assets, present and future, a charge by way of hypothecation over (a) all the moveable assets, present and future; (b) the balances lying in and to the credit of certain accounts and the proceeds of any investments made out of the said balances; and (c) all the rights, title and interest in various contracts, authorizations, approvals and licenses, including the DTH license (to the extent that it is capable of being charged or assigned) and insurance policies. Further, an amount equal to three months payment of principal and interest on the outstanding facility is guaranteed by Zee Entertainment Enterprises Limited, a related party [refer to note 37 e)].		Repayable in quarterly installments a) Loan amounting to ₹ 4,688 lacs as on reporting date is payable in ten quarterly installments alongwith monthly interest at bank base rate plus 2.25 % per annum. b) Loan amounting to ₹ 5,986 lacs as on reporting date is payable in ten quarterly installments alongwith monthly interest at bank base rate plus 1.50 % per annum. c) Loan amounting to ₹ 3,125 lacs as on reporting date is payable in ten quarterly installments alongwith monthly interest at bank base rate plus 2.30 % per annum. d) Loan amounting to ₹ 2,393 lacs as on reporting date is payable in ten quarterly installments alongwith monthly interest at 12.75% per annum.
ii) Term loan of ₹ nil (previous year ₹ 1,250 lacs) is secured by subservient charge on all assets (both present and future). Further, unconditional and irrevocable Corporate Guarantee of Zee Entertainment Enterprises Limited, a related party [refer to note 37 e)].		Loan has been repaid during the year.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

[All amounts in ₹ lacs, unless stated otherwise]

- iii) Term loan of ₹ 2,500 lacs (previous year ₹ nil) is secured by (a) first pari-passu charges on consumer premises equipment (CPE), (both present and future), of the Company; (b) first pari-passu charges on all current assets including stock of raw materials, semi finished and finished goods, consumable stores and spares and such other movable including book debts, bills, outstanding monies receivables (both present and future); (c) first pari-passu charges on all movable and immovable fixed assets, (both present and future); (d) assignment of insurance policies pertaining to CPE charged, current assets and movable fixed assets, of the Company. Further, a corporate guarantee is given by Direct Media Distribution Ventures Private Limited (formerly known as Dhaka Warriors Sports Private Limited), a related party in respect of this loan [refer to note 37 e)].

Loan amounting to ₹ 2,500 lacs as on reporting date is payable in eight quarterly installments after a moratorium period of 12 months from the date of first disbursement alongwith monthly interest at bank base rate plus 2.25 % per annum.

## b) Buyer's credits

- i) Buyer's credit of ₹ 42,743 lacs (previous year ₹ 33,280 lacs) is secured by pari passu first charge on the movable and immovable fixed assets and current assets of the Company. Further, a corporate guarantee is given by Direct Media Distribution Ventures Private Limited (formerly known as Dhaka Warriors Sports Private Limited), a related party [refer to note 37 e)].

Buyer's credit comprises of several loan transactions ranging between 1.75 to 3 years of maturities. Each transaction is repayable in full on maturity dates falling between December' 2015 (being the farthest) and September' 2013 (being the closest). Interest on all Buyer's Credit is payable in half yearly installments ranging from Libor plus 45 bps to Libor plus 240 bps.

- ii) Buyer's credit of ₹ 21,299 lacs (previous year ₹ 20,033 lacs) is secured by first ranking pari passu charge on all present and future tangible movable/ immovable and current assets of the Company including proceeds account; exclusive charge on reserve account; assignment of rights, titles and interest of the Company in all the contracts, authorisations, approvals, and licenses (to the extent the same are capable of being assigned); and assignment of all insurance policies.

Buyer's credit comprises of several loan transactions ranging between 2.5 to 3 years of maturities. Each transaction is repayable in full on maturity dates falling between April' 2014 (being the farthest) and June' 2013 (being the closest). Interest on all Buyer's Credit is payable in half yearly installments at Libor plus 200 bps.

- iii) Buyer's credit of ₹ 49,915 lacs (previous year ₹ 36,857 lacs) is secured by first pari passu charge on all present and future moveable and immovable assets, including but not limited to inventory of set-top-boxes and accessories etc., book debts, operating cash flows, receivables, commissions, revenue of whatever nature and wherever arising, present and future, and on all intangibles assets including but not limited to goodwill and uncalled capital, present and future, of the Company. Further, a corporate guarantee is given by Churu Trading Company Private Limited and Jayneer Capital Private Limited and a personal guarantee by key managerial personnel in respect of this loan. [refer to note 37 e)].

Buyer's credit comprises of several loan transactions ranging between 1.75 to 3 years of maturities. Each transaction is repayable in full on maturity dates, falling between November' 2015 (being the farthest) and August' 2013 (being the closest). Interest on ₹ 33,064 lacs buyer's credit is payable in half yearly installments ranging from Libor plus 45 bps to Libor plus 350 bps. Interest on ₹ 16,851 lacs buyer's credit is payable in yearly installments ranging from Libor plus 157 bps to Libor plus 165 bps.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

(All amounts in ₹ lacs, unless stated otherwise)

- iv) Buyer's credit of ₹ nil (previous year ₹ 6,432 lacs) is secured by an exclusive charge on consumer premises equipment (CPE) imported under this facility, a charge on Reserves Account, which shall have minimum balance equal to Minimum Reserve Amount, the assignment of insurance policies pertaining to the CPE charged, if any, and completion support undertaking from Zee Entertainment Enterprises Limited, a related party [refer to note 37 e)] . Loan has been repaid during the current year.
- v) Buyer's credit of ₹ 16,316 lacs (previous year ₹ nil) is secured by (a) first pari passu charge on consumer premises equipment (CPE) (both present and future); (b) first pari passu charges by way of hypothecation on the Company's entire current assets which would include stocks of raw materials, semi finished and finished good, consumable stores and spares and such other movables, including books debts, bills, outstanding monies receivables (both present and future) in a form and manner satisfactory to the bank; (c) first pari passu charge on all movable fixed assets of the Company; (d) assignment of insurance policies pertaining to CPE charged, current assets and movable fixed assets. Buyer's credit comprises of several loan transactions ranging between 1.75 to 3 years of maturities. Each transaction is repayable in full on maturity dates, falling between January' 2016 (being the farthest) and April' 2014 (being the closest). Interest on all buyer's credit is payable in half yearly installments ranging from Libor plus 165 bps to Libor plus 250 bps.
- vi) Buyer's credit of ₹ 11,330 lacs (previous year ₹ nil) secured by (a) first pari-passu charges on consumer premises equipment (CPE) (both present and future); (b) first pari-passu charges on all current assets including stock of raw materials, semi finished and finished goods, consumable stores and spares and such other movable including book debts, bills, outstanding monies receivables (both present and future); (c) first pari-passu charges on all movable and immovable fixed assets (both present and future); (d) assignment of insurance policies pertaining to CPE charged, current assets and movable fixed assets. Further, a corporate guarantee is given by Direct Media Distribution Ventures Private Limited (formerly known as Dhaka Warriors Sports Private Limited), a related party in respect of this loan [refer to note 37 e)]. Buyer's credit comprises of several loan transactions ranging between 2.5 to 3 years of maturities. Each transaction is repayable in full on maturity dates, falling between December' 2015 (being the farthest) and Sep' 2015 (being the closest). Interest on all buyer's credit is payable in yearly installments ranging from Libor plus 155 bps to Libor plus 165 bps.
- c) Vehicle loans  
Vehicle loans from banks and others are secured by way of hypothecation of vehicles. Balance aggregating ₹ 2 lacs as at reporting date is repayable in 7 equated monthly installments.
- d) The Company did not have any continuing defaults as on the balance sheet date in repayment of loans and interests.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

[All amounts in ₹ lacs, unless stated otherwise]

## 6. Other long-term liabilities

	As at 31 March 2013	As at 31 March 2012	As at 31 March 2013	As at 31 March 2012
	<b>Non current</b>		<b>Current</b>	
Others:				
Income received in advance	15,013	17,702	29,464	30,148
Money received against partly paid up shares	29	282	-	-
	<b>15,042</b>	<b>17,984</b>	<b>29,464</b>	<b>30,148</b>
Less: amount disclosed under the head "Other current liabilities" (refer to note 10)	-	-	29,464	30,148
	<b>15,042</b>	<b>17,984</b>	<b>-</b>	<b>-</b>

## 7. Long-term provisions

	As at 31 March 2013	As at 31 March 2012	As at 31 March 2013	As at 31 March 2012
	<b>Non current</b>		<b>Current</b>	
Provision for employee benefits				
- Gratuity (refer to note 35)	794	654	38	6
- Vacation pay	480	398	32	11
	<b>1,274</b>	<b>1,052</b>	<b>70</b>	<b>17</b>
Less: amount disclosed under the head "Short-term provisions" (refer to note 11)	-	-	70	17
	<b>1,274</b>	<b>1,052</b>	<b>-</b>	<b>-</b>

## 8. Short-term borrowings

	As at 31 March 2013	As at 31 March 2012
Secured loans		
Loans repayable on demand		
- Cash credit from bank	3,000	2,000
Other loans		
- Short term loan from bank	-	5,000
Unsecured loans		
Loan from a related party [refer to note 37 c)], repayable on demand	-	12,500
	<b>3,000</b>	<b>19,500</b>

### Footnotes:

#### a) Nature of security

i) Cash credit from bank is secured by first pari passu charge on the movable and immovable fixed assets and current assets of the Company.

#### Terms of repayments

Payable on demand



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

(All amounts in ₹ lacs, unless stated otherwise)

- ii) Short-term loan from bank is secured by pari passu Payable on maturity along with interest at the rate charge on all moveable and immovable assets (present and future), including but not limited to inventory of set-top-box and accessories etc., book debts, operating cash flows, receivables, commissions, revenue and on all intangible assets, including but not limited to goodwill and uncalled capital, if any, of the Company.

- b) The Company did not have any defaults as on the balance sheet date in repayment of loans and interests.

### 9. Trade payables

Sundry creditors

- Outstanding towards micro and small enterprises
- Others

As at 31 March 2013	As at 31 March 2012
21,380	12,749
<b>21,380</b>	<b>12,749</b>

The Company does not have any outstanding dues towards micro and small enterprises, based on the information available

### 10. Other current liabilities

- Current maturities of long-term borrowings (also refer to note 5)  
Interest accrued but not due on borrowings  
Income received in advance (also refer to note 6)  
Other payables
- Statutory dues
  - Accrued loss on forward contracts
  - Advances/ deposits received
  - Book overdraft
  - Commission accrued
  - Employees' reimbursements
  - Creditors for fixed assets

As at 31 March 2013	As at 31 March 2012
75,695	18,593
828	703
29,464	30,148
4,231	2,343
69	-
8,937	6,950
1,258	2,209
1,164	1,408
266	192
18,354	8,083
<b>140,266</b>	<b>70,629</b>

### 11. Short-term provisions

- Provision for employee benefits (refer to note 7)  
- Gratuity (refer to note 35)  
- Vacation pay  
Provision for income tax  
Other provisions  
- Regulatory dues (refer to note 39)  
- Wealth tax

As at 31 March 2013	As at 31 March 2012
38	6
32	11
1	-
65,366	48,917
33	1
<b>65,470</b>	<b>48,935</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

[All amounts in ₹ lacs, unless stated otherwise]

## 12.1. Fixed Assets - Tangible assets

As at 31 March 2013

Particulars	Gross block				Depreciation				Net block	
	As at 31 March 2012	Additions	Sales/ adjustments	As at 31 March 2013	As at 31 March 2012	For the year#	Sales/ adjustments	As at 31 March 2013	As at 31 March 2013	
Plant and machinery	13,927	356	-	14,283	6,921	1,490	-	8,411	5,872	
Consumer premises equipment (Refer to note 38 b)	269,176	60,772	1	329,947	135,503	61,764	1	197,266	132,681	
Computers	941	223	14	1,150	489	157	2	644	506	
Office equipments *	210	45	1	254	44	12	(1)	57	197	
Furniture and fixtures	211	5	(1)	217	50	16	-	66	151	
Vehicles and aircraft	250	3,376	36	3,590	106	172	15	263	3,327	
Leasehold improvements **	47	-	-	47	46	1	-	47	0	
<b>Total</b>	<b>284,762</b>	<b>64,777</b>	<b>51</b>	<b>349,488</b>	<b>143,159</b>	<b>63,612</b>	<b>17</b>	<b>206,754</b>	<b>142,734</b>	

As at 31 March 2012

Particulars	Gross block				Depreciation				Net block	
	As at 31 March 2011	Additions	Sales/ adjustments	As at 31 March 2012	As at 31 March 2011	For the year	Sales/ adjustments	As at 31 March 2012	As at 31 March 2012	
Plant and machinery	13,300	627	-	13,927	5,402	1,519	-	6,921	7,006	
Consumer premises equipment (Refer to note 38 b)	224,395	56,533	11,752	269,176	93,438	49,409	7,344	135,503	133,673	
Computers ***	1,220	202	481	941	668	139	318	489	452	
Office equipments	499	39	328	210	86	13	55	44	165	
Furniture and fixtures	315	7	111	211	69	16	35	50	161	
Vehicles	296	-	46	250	85	27	6	106	144	
Leasehold improvements	433	1	387	47	182	9	145	46	1	
<b>Total</b>	<b>240,458</b>	<b>57,409</b>	<b>13,105</b>	<b>284,762</b>	<b>99,930</b>	<b>51,132</b>	<b>7,903</b>	<b>143,159</b>	<b>141,602</b>	

## 12.2. Fixed Assets - Intangible assets

As at 31 March 2013

Particulars	Gross block				Amortisation				Net block	
	As at 31 March 2012	Additions	Sales/ adjustments	As at 31 March 2013	As at 31 March 2012	For the year	Sales/ adjustments	As at 31 March 2013	As at 31 March 2013	
Goodwill	4,512	-	-	4,512	4,512	-	-	4,512	-	
License fees	1,174	18	-	1,192	980	138	-	1,118	74	
Software	2,219	485	(1)	2,705	1,979	132	(1)	2,112	593	
<b>Total</b>	<b>7,905</b>	<b>503</b>	<b>(1)</b>	<b>8,409</b>	<b>7,471</b>	<b>270</b>	<b>(1)</b>	<b>7,742</b>	<b>667</b>	

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

[All amounts in ₹ lacs, unless stated otherwise]

As at 31 March 2012

Particulars	Gross block				Amortisation				Net block	
	As at 31 March 2011	Additions	Sales/ adjustments	As at 31 March 2012	As at 31 March 2011	For the year	Sales/ adjustments	As at 31 March 2012	As at 31 March 2012	
Goodwill	6,837	-	2,325	4,512	3,835	677	-	4,512	-	
License fees	1,174	-	-	1,174	845	135	-	980	193	
Software*	2,839	89	709	2,219	2,327	241	589	1,979	240	
<b>Total</b>	<b>10,850</b>	<b>89</b>	<b>3,034</b>	<b>7,905</b>	<b>7,007</b>	<b>1,053</b>	<b>589</b>	<b>7,471</b>	<b>433</b>	

**Footnotes:**

i) Additions/ adjustments to gross block of consumer premises equipment (CPE) and plant and machinery include loss on account of foreign exchange fluctuations amounting to ₹ 12,302 lacs (previous year ₹ 2,057 lacs), and ₹ 165 lacs (previous year ₹ 44 lacs) respectively. (also refer to note 42 a).

# Depreciation for the current year includes ₹ 1,124 lacs pertaining to foreign exchange fluctuations adjustment relating to previous year ended 31 March 2012 as referred in note 47.

\* ₹ 1,249 in sales/ adjustments for the year 2012-13.

\*\* ₹ 44,851 is the net block as at 31 March 2013.

## 13. Non-current investments (Unquoted)

Non trade investments

Balance of unutilised monies raised by issue

- Certificate of deposit

Represents deposits with SICOM Limited (a financial institution).

Aggregate book value of unquoted investments

As at 31 March 2013	As at 31 March 2012
-	15,000
-	15,000
-	15,000

## 14. Long-term loans and advances

(Unsecured and considered good, unless otherwise stated)

Capital advances

Security deposits

Loans and advances to related parties [refer to note 37 d)]

Prepaid expenses

Others:

Prepaid expenses

Advance tax [net of provision ₹ nil (previous year ₹ 70 lacs)]

Amounts/ taxes paid under protest

As at 31 March 2013	As at 31 March 2012
11	-
156	179
1,065	-
845	187
2,352	1,529
2,033	1,585
<b>6,462</b>	<b>3,480</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

[All amounts in ₹ lacs, unless stated otherwise]

## 15. Other non-current assets

Deposits with banks with maturity period more than 12 months  
(Refer to note 19)

As at 31 March 2013	As at 31 March 2012
970	695
<b>970</b>	<b>695</b>

## 16. Current investments

Investments in Mutual Funds # (unquoted) (refer to note 45)  
# Net assets value ₹ 7,916 lacs (previous year ₹ nil) of mutual funds, though unquoted  
Balance of unutilised monies raised by issue  
- Certificate of deposit  
Represents deposits with SICOM Limited (a financial institution).  
Out of ₹ 20,000 lacs, ₹ 15,000 lacs, being unutilised monies raised by issue, represents current maturities of long-term investments.

As at 31 March 2013	As at 31 March 2012
7,818	-
20,000	-
<b>27,818</b>	<b>-</b>
<b>27,818</b>	<b>-</b>

Aggregate book value of unquoted investments

## 17. Inventories

Stock-in-trade (at the lower of cost and net realisable value)  
- Customer premises equipment related accessories and spares

As at 31 March 2013	As at 31 March 2012
861	688
<b>861</b>	<b>688</b>

## 18. Trade receivables

*(Unsecured and considered good, unless otherwise stated)*

Debts outstanding for a period exceeding six months  
- Considered good  
- Considered doubtful  
Other debts  
- Considered good

Provision for doubtful debts

As at 31 March 2013	As at 31 March 2012
761	521
76	117
<b>2,275</b>	<b>2,340</b>
<b>3,112</b>	<b>2,978</b>
<b>(76)</b>	<b>(117)</b>
<b>3,036</b>	<b>2,861</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

[All amounts in ₹ lacs, unless stated otherwise]

## 19. Cash and bank balances

	As at 31 March 2013	As at 31 March 2012	As at 31 March 2013	As at 31 March 2012
	Current		Non current	
<b>Cash and cash equivalents</b>				
Balances with banks :				
- in current accounts	11,276	4,314	-	-
- deposits with maturity of upto 3 months	52	48	-	-
Cheques, drafts on hand	103	12,553	-	-
Cash on hand	2	1	-	-
<b>Other bank balances</b>				
- deposits with maturity of more than 3 months	25,016	22,273	970	695
	<b>36,449</b>	<b>39,189</b>	<b>970</b>	<b>695</b>
Less: amount disclosed under the head other non-current assets (Refer to note 15)	-	-	970	695
	<b>36,449</b>	<b>39,189</b>	<b>-</b>	<b>-</b>

## 20. Short-term loans and advances

*(Unsecured and considered good, unless otherwise stated)*

	As at 31 March 2013	As at 31 March 2012
Considered good		
Loans and advances to related parties [refer to note 37 d)]		
- Prepaid expenses	3,193	-
- Others	10,220	8,703
Others		
- Prepaid expenses	2,048	568
- Advances to vendors, distributors etc.	5,221	3,364
- Customs duty, service tax and sales tax	9,212	6,615
- Deposits	704	531
	<b>30,598</b>	<b>19,781</b>

## 21. Other current assets

	As at 31 March 2013	As at 31 March 2012
Income accrued but not due on fixed deposits	49	28
Insurance claim receivable	396	15
Unamortised premium on forward contracts	84	5
Accrued gains on forward contracts	-	780
	<b>529</b>	<b>828</b>



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

[All amounts in ₹ lacs, unless stated otherwise]

## 22 . Revenue from operations

Income from DTH subscribers :

- Subscription revenue	192,281
- Lease rentals	15,965
Teleport services	1,975
Bandwidth charges	3,196
Sales of customer premises equipment (CPE) and accessories	502
Advertisement income	2,528
Other operating income	233
	<b>216,680</b>

For the year ended 31 March 2013	For the year ended 31 March 2012
192,281	166,389
15,965	22,057
1,975	1,397
3,196	3,967
502	354
2,528	1,594
233	35
<b>216,680</b>	<b>195,793</b>

## 23. Other income

Interest income from:

- long-term investments	1,612
- current investments	259
- fixed deposits/margin accounts	1,338
- others	242
Foreign exchange fluctuation	688
Profit on redemption of units of mutual funds (non trade, current)	412
Profit on sale of subsidiary (refer to note 31)	-
Liabilities written back	56
Miscellaneous income	507
	<b>5,114</b>

For the year ended 31 March 2013	For the year ended 31 March 2012
1,612	1,882
259	-
1,338	1,165
242	427
688	1,928
412	75
-	3,225
56	201
507	96
<b>5,114</b>	<b>8,999</b>

## 24. Changes in inventory of stock-in-trade

Opening stock	688
Less: Closing stock	861
	<b>(173)</b>

For the year ended 31 March 2013	For the year ended 31 March 2012
688	444
861	688
<b>(173)</b>	<b>(244)</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

(All amounts in ₹ lacs, unless stated otherwise)

### 25. Operating expenses

Transponder lease	
License fees	
Uplinking charges	
Programming and other costs (refer to note 46)	
Entertainment tax	
Telephone and fax charges-call center	

For the year ended 31 March 2013	For the year ended 31 March 2012
11,669	11,358
22,570	20,025
708	703
65,247	60,658
10,613	6,793
-	178
<b>110,807</b>	<b>99,715</b>

### 26. Employee benefits expenses

Salary, bonus and allowances	
Contribution to provident and other funds	
Staff welfare	
Recruitment and training expenses	

For the year ended 31 March 2013	For the year ended 31 March 2012
7,546	6,888
477	433
99	82
95	78
<b>8,217</b>	<b>7,481</b>

### 27. Selling and distribution expenses

Advertisement and publicity expenses	
Business promotion expenses	
Commission	
Customer support services	

For the year ended 31 March 2013	For the year ended 31 March 2012
7,609	7,967
426	354
15,587	15,082
6,742	5,048
<b>30,364</b>	<b>28,451</b>

### 28. Finance costs

Interest on:	
- Term loans from banks	
- Buyer's credits from banks	
- Others	
Foreign exchange fluctuation (net)	
Other borrowing costs	

For the year ended 31 March 2013	For the year ended 31 March 2012
2,759	5,857
3,261	2,078
4,998	2,984
-	7,030
1,824	1,778
<b>12,842</b>	<b>19,727</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

[All amounts in ₹ lacs, unless stated otherwise]

### 29. Other expenses

	For the year ended 31 March 2013	For the year ended 31 March 2012
Electricity charges	503	378
Rent	894	550
Repairs and maintenance		
- Plant and machinery	429	210
- Building	35	45
- Others	158	198
Insurance	88	39
Rates and taxes	90	44
Legal and professional fees	1,821	1,382
Director's sitting fees	13	11
Printing and stationary	572	512
Communication expenses	854	655
Travelling and conveyance	1,149	920
Service and hire charges	890	711
Freight, cartage and demurrage	2	498
Bad debts and balances written off	209	163
Provision for doubtful debts	-	41
Loss on sale/ discard of fixed assets	12	338
Loss on sale/ discard of capital work-in-progress	797	2,885
Miscellaneous expenses	87	474
	<b>8,603</b>	<b>10,054</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

(All amounts in ₹ lacs, unless stated otherwise)

30. During the previous year, upon inter-se transfer of shares between the Promoters, with effect from 26 December 2011 the Company became a subsidiary of Direct Media Distribution Ventures Pvt. Ltd (formerly known as Dhaka Warriors Sports Private Limited).

During the current year, Direct Media Distribution Ventures Pvt. Ltd. disinvested its holding in the Company from 59.86% to 45.24% and consequently, it ceases to be the holding company of Dish TV India Limited.

31. As stated in note 2(d) (iii) above, the group has disposed off investment in ISMSL on 31 May 2011 for a sale consideration of ₹ 108 lacs. The net liabilities of ISMSL amounting to ₹ 3,117 lacs, along with sale consideration of ₹ 108 lacs has been recognised as 'Profit on sale of subsidiary' in the Consolidated Statement of Profit and Loss of the previous year.

32. Depreciation expense for the current year includes ₹ nil (previous year ₹ 28 lacs) on account of re-alignment of estimated useful life of viewing cards ('VC'), as adopted by the subsidiary company (ISMSL), with the estimated useful life considered by the parent company.

33. The life of the Consumer Premises Equipment (CPE) for the purposes of depreciation has been estimated by the management as five years. Upto 31 March 2012, in certain cases, the one-time advance contribution towards the CPEs in the form of rental was being recognized over a period of three years from the activation date. The implication of this on these financial statements has not been determined presently.

However, such practice, with effect from 1 April 2012, has been changed to five years in respect of CPEs activated on or after 1 April 2012. There is no significant impact on financial statements for year ended 31 March 2013 on account of change in estimate for revenue recognition.

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

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

The options granted under the Scheme shall vest between one year to six years from the date of grant of options, with 20% vesting each year. Once the options vest as per the Scheme, they would be exercisable by the grantee at any time within a period of four years from the date of vesting and the shares arising on exercise of such options shall not be subject to any lock-in period.

The shareholders in their meeting held on 28 August 2008 approved the re-pricing of outstanding options which were granted till that date and consequently the options were re-priced at ₹ 37.55 per option, determined as per SEBI (ESOP) Guidelines, 1999.

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

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

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

Particulars	For the year ended 31 March 2013 (Nos.)	For the year ended 31 March 2012 (Nos.)
Options outstanding at the beginning of the year	1,779,180	2,293,220
Add: Options granted	141,450	125,000
Less: Exercised	461,300	447,340
Less: Lapsed	175,040	191,700
Options outstanding at the end of the year	1,284,290	1,779,180

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

[All amounts in ₹ lacs, unless stated otherwise]

The following table summarizes information on the share options outstanding as of 31 March 2013

Particulars	Date of grant	Number of shares remaining out of options	Remaining contractual life	Exercise price
Lot 1	21 August 2007	80,300	4.39	37.55*
Lot 2	24 April 2008	-	-	-
Lot 3	28 August 2008	10,500	5.41	37.55*
Lot 4	28 May 2009	195,040	6.16	47.65
Lot 5	27 October 2009	64,360	6.58	41.45
Lot 6	26 October 2010	112,440	7.57	57.90
Lot 7	21 January 2011	640,200	7.81	58.95
Lot 8	20 July 2011	40,000	8.30	93.20
Lot 9	19 July 2012	141,450	9.30	68.10
Options outstanding at the end of the year		1,284,290	7.42#	56.83#

The following table summarizes information on the share options outstanding as of 31 March 2012

Particulars	Date of grant	Number of shares remaining out of options	Remaining contractual life	Exercise price
Lot 1	21 August 2007	364,350	5.39	37.55*
Lot 2	24 April 2008	-	-	-
Lot 3	28 August 2008	27,000	6.41	37.55*
Lot 4	28 May 2009	302,030	7.16	47.65
Lot 5	27 October 2009	133,480	7.58	41.45
Lot 6	26 October 2010	131,720	8.57	57.90
Lot 7	21 January 2011	695,600	8.81	58.95
Lot 8	20 July 2011	125,000	9.30	93.20
Options outstanding at the end of the year		1,779,180	7.72#	53.34#

\* re-priced as per Shareholders' approval on 28 August 2008. Refer note above

# on a weighted average basis.

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

Defined contribution plans

An amount of ₹ 430 lacs (previous year ₹ 367 lacs) and ₹ 5 lacs (previous year ₹ 16 lacs) for the year, have been recognized as expenses in respect of the Group's contributions to Provident Fund and Employee's State Insurance Fund respectively, deposited with the government authorities and have been included under operating and other expenditure in the Consolidated Statement of Profit and Loss.

Defined benefit plans

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

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



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

[All amounts in ₹ lacs, unless stated otherwise]

Particulars	For the year ended 31 March 2013	For the year ended 31 March 2012
<b>Changes in present value of obligation</b>		
Present value of obligation as at the beginning of the year	660	426
Interest cost	53	36
Current service cost	207	191
Benefits paid	(19)	(9)
Actuarial (gain)/loss on obligation	(69)	16
Present value of obligation as at end of the year	<b>832</b>	<b>660</b>
Short term	38	6
Long term	794	654
	<b>832</b>	<b>660</b>

Particulars	For the year ended 31 March 2013	For the year ended 31 March 2012
<b>Expenses recognized in the Consolidated Statement of Profit and Loss</b>		
Current service cost	207	191
Interest cost on benefit obligation	53	36
Net actuarial (gain)/loss recognised in the year	(69)	16
Expenses recognised in the Consolidated Statement of Profit and Loss	<b>191</b>	<b>243</b>

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

Particulars	As at 31 March 2013	As at 31 March 2012
Discount rate	8.00	8.50
Salary escalation rate (per annum)	10.00	11.00
<b>Withdrawal rates</b>		
Age - Upto 30 years	13%	13%
31-44 years	2%	2%
Above 44 years	1%	1%
Mortality rate	IALM (1994 - 96)	LIC (1994 - 96)

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

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

### Experience adjustment:-

Particulars	As at 31 March 2009	As at 31 March 2010	As at 31 March 2011	As at 31 March 2012	As at 31 March 2013
Defined benefit obligation (DBO)	267	350	506	660	832
Plan assets	-	-	-	-	-
Net assets (liability)	(267)	(350)	(506)	(660)	(832)
Experience adjustment on DBO-Gain (Loss)	(20)	54	42	16	73
Experience adjustment on plan assets	-	-	-	-	-

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

[All amounts in ₹ lacs, unless stated otherwise]

## 36. Segmental information

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

## 37. Related party disclosures

- a) Related parties where control exists: Holding company;  
Direct Media Distribution Ventures Private Limited. (formerly known as Dhaka Warriors Sports Private Limited) (with effect from 26 December 2011 upto 30 March 2013)
- b) Related parties with whom the Group had transactions:

Key management personnel	Mr. Jawahar Lal Goel
Relative of key management personnel	Mr. Gaurav Goel
Enterprises over which key management personnel/ their relatives have significant influence	<p>Agrani Convergence Limited</p> <p>ASC Telecommunication Private Limited (formerly known as ASC Telecommunication Limited)</p> <p>Asia Today Limited</p> <p>Cyquator Media Services Private Limited (formerly known as known as Essel Business Processes Limited) (w.e.f 1 June 2011)</p> <p>Churu Trading Company Private Limited</p> <p>Dakshin Media Gamming Solutions Private Limited</p> <p>Diligent Media Corporation Limited</p> <p>E-City Property Management &amp; Services Private Limited</p> <p>E-City Bioscope Entertainment Private Limited</p> <p>Essel Agro Private Limited</p> <p>Essel Corporate Resources Private Limited</p> <p>Essel Infraprojects Limited</p> <p>Essel International Limited</p> <p>Interactive Finance and Trading Services Private Limited.</p> <p>ITZ Cash Card Limited</p> <p>Media Pro Enterprise India Private Limited</p> <p>PAN India Network Infravest Private Limited</p> <p>PAN India Network Limited</p> <p>PAN India Paryatan Private Limited</p> <p>Procall Private Limited</p> <p>Rama Associates Limited</p> <p>Siti Cable Network Limited (formerly known as Wire and Wireless (India) Limited)</p> <p>Taj Television India Private Limited</p> <p>Taj TV Limited</p> <p>Zee Akash News Private Limited</p> <p>Zee Entertainment Enterprises Limited</p> <p>Zee News Limited</p> <p>Zee Turner Limited</p> <p>ZEE Telefilms Middle East Fz LLC</p>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

(All amounts in ₹ lacs, unless stated otherwise)

c) Transactions with related parties:

Particulars	For the year ended 31 March 2013		For the year ended 31 March 2012	
	Total amount	Amount for major parties	Total amount	Amount for major Parties
<b>(i) With key management personnel</b>	<b>82</b>		<b>83</b>	
Managerial remuneration		82		83
<b>(ii) Relative of key management personnel</b>	<b>34</b>		<b>16</b>	
Remuneration		34		16
<b>(iii) With other related parties:</b>				
<b>Revenue from operation and other income (net of taxes)</b>	<b>2,562</b>		<b>1,550</b>	
Zee Entertainment Enterprises Limited		1,419		705
Zee News Limited		572		463
Asia Today Limited		147		126
Siti Cable Network Limited		1		64
Zee Aakash News Private Limited		212		172
Other related parties		211		20
<b>Purchase of goods and services</b>	<b>36,195</b>		<b>31,300</b>	
Media Pro Enterprise India Private Limited		20,457		12,921
Zee Turner Limited		-		2,400
Zee Entertainment Enterprises Limited		1,933		4,529
ITZ Cash Card Limited		1,575		1,573
Taj Television India Private Limited		4,500		4,070
Cyquator Media Services Private Limited		6,871		4,875
Other related parties		859		932
<b>Rent paid</b>	<b>326</b>		<b>327</b>	
Zee Entertainment Enterprises Limited		288		287
Rama Associates Limited		32		32
Other related parties		6		8
<b>Interest paid</b>	<b>9</b>		<b>4</b>	
Essel International Limited		9		4
<b>Interest received</b>	<b>118</b>		<b>178</b>	
ASC Telecommunication Private Limited		113		133
Cyquator Media Services Private Limited		-		45
Essel Agro Private Limited		4		-
Agrani Convergence Limited		1		-
<b>Sale of Investments</b>	<b>-</b>		<b>108</b>	
Essel Corporate Resources Pvt. Ltd.		-		108
<b>Reimbursement of expenses paid</b>	<b>582</b>		<b>351</b>	
Zee Entertainment Enterprises Limited		479		335
E-City Bioscope Entertainment Pvt. Ltd.		95		4
Other related parties		8		12

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

[All amounts in ₹ lacs, unless stated otherwise]

Particulars	For the year ended 31 March 2013		For the year ended 31 March 2012	
	Total amount	Amount for major parties	Total amount	Amount for major Parties
<b>Reimbursement of expenses received</b>	<b>2</b>		<b>3</b>	
Siti Cable Network Limited		₹		1
Zee Entertainment Enterprises Limited		1		1
Zee News Limited		1		1
Other related parties		\$		^
<b>Prepaid expenses</b>	<b>4,258</b>		<b>-</b>	
Media Pro Enterprise India Private Limited		4,258		-
<b>Short-term borrowings taken</b>	<b>-</b>		<b>12,500</b>	
Essel International Limited		-		12,500
<b>Repayment of Short-term borrowings</b>	<b>12,500</b>		<b>-</b>	
Essel International Limited		12,500		-
<b>Short-term loans and advances made</b>	<b>4,557</b>		<b>1,442</b>	
ITZ Cash Card Limited		362		707
Cyquator Media Services Private Limited		4,120		610
Essel Agro Private Limited		29		101
Other related parties		46		24
<b>Refunds received against Short-term loans and advances</b>	<b>1,048</b>		<b>7,324</b>	
Cyquator Media Services Private Limited		443		6,489
ITZ Cash Card Limited		559		821
Other related parties		46		14
<b>Balances written off</b>	<b>-</b>		<b>18</b>	
PAN India Network Limited		-		17
Dakshin Media Gaming Solutions Private Limited		-		1
Other related parties		-		-

₹ ₹ 20,439

\$ ₹ 15,897

^ ₹ 14,636

d) Balances at the year end:

Particulars	As at 31 March 2013		As at 31 March 2012	
	Total amount	Amount for major parties	Total amount	Amount for major parties
<b>With related parties:</b>				
<b>Long-term loans and advances</b>	<b>1,065</b>		<b>-</b>	
Media Pro Enterprise India Private Limited		1,065		-

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

[All amounts in ₹ lacs, unless stated otherwise]

Particulars	As at 31 March 2013		As at 31 March 2012	
	Total amount	Amount for major parties	Total amount	Amount for major parties
<b>Short-term loans and advances</b>	<b>13,413</b>		<b>8,703</b>	
Essel Agro Private Limited		2,333		2,302
ITZ Cash Card Limited		327		523
ASC Telecommunication Private Limited		-		1,995
Cyquator Media Services Private Limited		7,560		3,882
Media Pro Enterprise India Private Limited		3,193		-
Other related parties		&		1
<b>Short-term borrowings</b>	<b>-</b>		<b>12,500</b>	
Essel International Limited		-		12,500
<b>Trade payables</b>	<b>13,292</b>		<b>4,930</b>	
Zee Entertainment Enterprises Limited		502		955
Zee Turner Limited		-		1,758
Media Pro Enterprise India Private Limited		12,697		1,780
Other related parties		93		437
<b>Trade receivables</b>	<b>1,371</b>		<b>685</b>	
Asia Today Limited		145		96
Zee News Limited		314		200
Zee Entertainment Enterprises Limited		569		44
Siti Cable Network Limited		142		197
Dakshin Media Gaming Solution Private Limited		148		148
Zee Aakash News Private Limited		53		-
Other related parties		*		-

& ₹ 18,206

\* ₹ 15,695

- e) Guarantees etc. given by related parties in respect of secured loans:
- As at 31 March 2013, personnel guarantees by key managerial personnel amounting to ₹ 30,000 lacs (previous year ₹ 30,000 lacs) and corporate guarantee by Churu Trading Company Private Limited amounting to ₹ 30,000 lacs (previous year ₹ 30,000 lacs) are outstanding as at the year end.
  - As at 31 March 2013, corporate guarantee by Direct Media Distribution Ventures Private Limited (formerly known as Dhaka Warriors Sports Private Limited) amounting to ₹ 60,000 lacs (previous year ₹ 20,000 lacs) are outstanding at the year end.
  - As at 31 March 2013, corporate guarantee by Zee Entertainment Enterprises Limited amounting to ₹ 4,370 lacs (previous year ₹ 13,222 lacs). The remaining guarantee is outstanding as at the year end.
  - As at 31 March 2013 completion support undertaking from Zee Entertainment Enterprises Limited for the buyer's credit of ₹ nil (previous year ₹ 6,432 lacs).



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

[All amounts in ₹ lacs, unless stated otherwise]

## 38. Leases

### a) Obligation on operating lease:

The Group's significant leasing arrangements are in respect of operating leases taken for offices, residential premises, transponder, etc. These leases are cancellable operating lease agreements that are renewable on a periodic basis at the option of both the lessee and the lessor. The initial tenure of the lease generally is for 11 months to 69 months. The details of lease rental charges in respect of assets taken on operating leases are as under:

Particulars	For the year ended 31 March 2013	For the year ended 31 March 2012
Lease rental charges during the year (net of shared cost)	12,906	12,180
Sub-lease payment received (being shared cost)	749	669

### b) Assets given under operating lease:

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

Particulars	As at 31 March 2013	As at 31 March 2012
Gross value of assets	329,947	269,176
Accumulated depreciation	197,266	135,503
Net block	132,681	133,673
Depreciation for the year	61,764	49,409

The lease rental income recognised during the year in respect of non cancellable operating leases and maximum obligations on long term non-cancellable operating lease receivable as per the rentals stated in the agreements are as follows:

Particulars	For the year ended 31 March 2013	For the year ended 31 March 2012
Lease rental income recognised during the year	15,965	22,057

Particulars	Total future minimum lease rentals receivable as at 31 March 2013	Total future minimum lease rentals receivable as at 31 March 2012
Within one year	8,144	13,827
Later than one year and not later than five years	8,328	8,655
Later than five years	-	-

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

Provision for regulatory dues (including interest)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

[All amounts in ₹ lacs, unless stated otherwise]

Particulars	As at 31 March 2013	As at 31 March 2012
Opening provision	48,917	31,974
Add: Created during the year	26,023	22,637
Less: Utilised during the year	9,574	5,694
<b>Closing provision</b>	<b>65,366</b>	<b>48,917</b>

The outflow of economic benefits with regard to the disputed portion would be dependent on the final decision by the Regulatory Authority. Presently, it has been considered under the 'Short-term provisions'.

#### 40. Earnings per share

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

Particulars	For the year ended 31 March 2013	For the year ended 31 March 2012
Loss for the year attributable to equity shareholders (in ₹ lacs)	6,600	13,314
Number of shares considered as weighted average shares outstanding for computing basic earnings per share	1,064,067,536	1,063,307,540
Nominal value per share (in ₹)	1	1
Basic and diluted loss per share (in ₹)	0.62	1.25

Since the Company had losses during the current year and previous year, the basic and diluted earnings per share are the same.

#### 41. Deferred tax assets

Components of deferred tax asset:

Particulars	For the year ended 31 March 2013	For the year ended 31 March 2012
<b>Deferred tax assets on account of:</b>		
- Depreciation	21,921	15,651
- Unabsorbed depreciation and tax losses	31,044	35,610
- Provision for vacation pay and retirement benefit provision	457	347
- Demerger expenses as per section 35DD	6	5
- Provision for doubtful debts and advances	26	38
- Unrealised foreign exchange loss (gain)	(878)	1,467
<b>Deferred tax assets</b>	<b>52,576</b>	<b>53,118</b>
<b>Recognised in the financial statements</b>	<b>-</b>	<b>-</b>

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

[All amounts in ₹ lacs, unless stated otherwise]

## 42. Foreign currency transactions

- a) In accordance with the Accounting Standard 11 (AS-11) and related notifications, the foreign currency exchange loss of ₹12,467 lacs has been adjusted (previous year foreign currency exchange loss of ₹ 2,101 lacs) in the value of fixed assets and the foreign currency exchange gain of ₹ 51 lacs (previous year foreign currency exchange loss of ₹ 154 lacs) in the capital work in progress.
- b)
  - i) The Company has outstanding forward contracts of US Dollars 70 lacs (previous year US Dollar 126 lacs) at fixed amount of ₹ 3,879 lacs (₹ 5,652 lacs) which will be settled at a future date. These derivative contracts are for the repayment of Buyers' credit loans.
  - ii) Foreign currency transactions outstanding as on the balance sheet date that are not hedged by derivative instruments or otherwise are as under:

(Amount in lacs)

Particulars	As at 31 March 2013			As at 31 March 2012		
	Amount in USD	Amount in SGD	Amount in ₹	Amount in USD	Amount in SGD	Amount in ₹
Balances with bank	409	-	22,266	403	-	20,634
Loans given#	2	-	97	-	-	-
Receivables	4	-	217	13	-	687
Loans and borrowings#	2,548	-	138,591	1,775	-	90,797
Trade payables	277	-	15,078	100	-*	5,112

\* SGD 5,000

# includes interest accrued

## 43. Contingent liabilities and commitments

- a) Contingent liabilities

Particulars	As at 31 March 2013	As at 31 March 2012
Claims against the Company not acknowledged as debt	483	483
Income-tax (refer note 43b)	2,652	2,652
Sales tax and Value Added tax	1,046	1,169
Customs duty	795	795
Service tax	5,721	167
Wealth tax	2	1
Entertainment tax (refer note 43c)	1,279	1,244
Legal cases including from customers against the Company	Unascertained	Unascertained

- b) During the year ended 31 March 2011, the Company received a demand notice for income tax and interest thereon aggregating ₹ 4,056 lacs in relation to an earlier year. During the previous year, the assessing authority had reduced the demand to ₹ 2,642 lacs on the basis of application for rectification filed by the Company. The Company deposited ₹ 400 lacs during the previous year; and deposited additional amount of ₹ 330 lacs during the year. The matter pertains to alleged short deduction of tax at source on certain payments and interest thereon for delayed period. The Company has disputed the issue and has filed an appeal against the above said demand with the tax authorities. During the current year, the Company had submitted with the tax authorities the requisite supporting documents/

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

(All amounts in ₹ lacs, unless stated otherwise)

clarification from vendors. The Company, supported by legal view in the matter, is of the view that outcome of the litigation will not have significant impact on the financial statements.

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

Particulars	As at 31 March 2013	As at 31 March 2012
Estimated amount of contracts remaining to be executed on capital account	48,133	19,343

#### 44. Bank balances include:-

Particulars	As at 31 March 2013	As at 31 March 2012
Provided as security to Government authorities	8	7
Held as margin money for bank guarantees	217	178

#### 45. The details of current investments in Mutual funds as on 31 March 2013:

Particulars	As at 31 March 2013	As at 31 March 2012
Unquoted at cost		
216,621 units of IDBI Liquid Fund growth (previous year nil)	2,707	-
309,388 units of DSP BlackRock Liquidity Fund-Growth (previous year nil)	5,111	-
<b>Total</b>	<b>7,818</b>	<b>-</b>

46. During the financial year 2011-12, the Company migrated from the fixed fee agreement with ESPN Software India Private Limited (ESPN) to the Reference Interconnect Offer (RIO) based agreement for its content fees. Upon refusal by the ESPN to the said migration, the Company approached the Telecom Dispute Settlement Appellate Tribunal (TDSAT). The TDSAT, vide its judgment dated 10 April 2012, allowed the Company to pay the content fees to ESPN w.e.f. 1 September 2011 on the basis of RIO rates published by ESPN and also allowed the Company a refund of any amount representing the difference between the amount paid by the Company as per the fixed fee agreement and the amount payable under the RIO rates w.e.f. 1 September 2011. ESPN filed a Special Leave Petition before the Hon'ble Supreme Court. The Hon'ble Supreme Court, vide its order dated 17 July 2012 refused to grant interim stay on the order of the Hon'ble TDSAT. The Company in view of the order of the TDSAT has exercised its right to claim the above refund amount and adjusted the same from the monthly content fee payable to ESPN.

Further, during the current year, a petition has been filed by the Company against ESPN in TDSAT against the public notices dated 5 November 2012 and 12 November 2012 issued by them for disconnection of their channels from Dish TV DTH platform. TDSAT vide its order dated 23 November 2012 has granted an interim stay on the operation of the said notices and the matter is pending at the TDSAT.

47. Hitherto, the exchange differences arising from foreign currency borrowing to the extent that they are regarded as an adjustment to interest cost, were treated as borrowing cost in terms of AS - 16, "Borrowing Costs". During the year ended 31 March 2013, pursuant to a clarification dated 9 August 2012 from the MCA, the Company has changed the accounting policy w.e.f. 1 April 2011, to treat the same as "foreign exchange fluctuation", to be accounted as per AS - 11 "Effects of Changes in Foreign Exchange Rates", instead of AS - 16 "Borrowing Costs". This change has resulted into reversal of prior year finance cost of

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

[All amounts in ₹ lacs, unless stated otherwise]

₹ 7,068 lacs and consequential increase in depreciation by ₹ 1,124 lacs during the year ended 31 March 2013. The aforesaid change, resulting in net gain of ₹ 5,944 lacs, has been shown as an 'exceptional items' in the financial statements for the year ended 31 March 2013. In this regard, if the Company had followed the same accounting policy as in the previous year, finance costs for the year would have been higher by ₹ 5,841 lacs; depreciation expense would have been lower by ₹ 1,415 lacs and the loss for the year would have been higher by ₹ 4,426 lacs.

48. Figures of the previous year have been regrouped / rearranged, wherever considered necessary to conform to the current year's presentation. Significant items in this regard are as under:

- a) Foreign exchange gain amounting to ₹ 1,928 lacs which was classified under 'Finance costs' has been reclassified under 'Other income' as foreign exchange fluctuation.
- b) Other creditors under 'Other Current liabilities' amounting to ₹ 4,802 lacs have been reclassified in Sundry creditors under 'Trade payable'.
- c) Advance tax which was classified under 'Short-term loans and advance' amounting to ₹ 1,529 lacs have been reclassified in Advance tax under 'Long-term loans and advance'.
- d) 'Interest income from fixed deposits/ margin money' amounting to ₹ 3,047 lacs have been reclassified in 'Interest income from long-term investments' ₹ 1,882 lacs and in 'Interest income from fixed deposits/margin money' ₹ 1,165 lacs.

## As per our report attached to the consolidated balance sheet

### For B S R & Co.

Chartered Accountants

Firm Registration No.: 101248W

### Kaushal Kishore

Partner

Membership No.: 090075

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

### Jawahar Lal Goel

Managing Director

DIN: 00076462

### Arun Duggal

Director

DIN: 00024262

### Rajeev K. Dalmia

Chief Financial Officer

### Ranjit Singh

Company Secretary

Membership No: A15442

Place: Gurgaon

Dated: 23 May 2013

Place: Noida

Dated: 23 May 2013



**STATEMENT PURSUANT TO EXEMPTION RECEIVED UNDER SECTION 212(8) OF THE COMPANIES ACT, 1956 RELATING TO THE SUBSIDIARY COMPANIES FOR THE YEAR ENDED MARCH 31, 2013**

Particulars	Digital Network Distribution Pte. Ltd (previously Dish TV Singapore Pte. Limited) (Amount in ₹ Lacs)	Dish T V Lanka (Private) Limited (Amount in ₹ Lacs)
<b>Summary Balance Sheet</b>		
Share Capital	0*	4
Reserve and Surplus (Including debit balance of Profit & Loss Account)	8	(36)
Total Assets	230	68
Total Liabilities	230	68
Investments (excluding subsidiaries)	NIL	NIL
<b>Summary Profit and Loss Account</b>		
Turnover	25	NIL
Profit / (Loss) before tax	11	(36)
Provision for tax	1	NIL
Profit / (Loss) After tax	10	36
Proposed Dividend	NIL	NIL

\* Equivalent to ₹ 41/-.

**DISH TV INDIA LIMITED**

Regd. Office: Essel House B-10, Lawrence Road, Industrial Area, Delhi - 110 035

**ATTENDANCE SLIP**

PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL.

Name and Address of Equity Shareholder (IN BLOCK LETTERS): \_\_\_\_\_

Name and Address of the Proxy (IN BLOCK LETTERS, to be filled in by the Proxy attending instead of the Equity Shareholder): \_\_\_\_\_

I hereby record my presence at the 25<sup>th</sup> Annual General Meeting of the Company, convened on Friday, the 23<sup>rd</sup> Day of August, 2013 at Dr. Sarvepalli Radhakrishnan Auditorium, Kendriya Vidyalaya No. 2, A.P.S. Colony, Delhi Cantt, New Delhi - 110 010, at 11.00 A.M.

Reg. Folio No. : \_\_\_\_\_

DP ID No. : \_\_\_\_\_

Client ID No. : \_\_\_\_\_

No. of Shares : \_\_\_\_\_

\_\_\_\_\_  
Signature of the Equity Shareholder/Proxy

NOTE: Equity Shareholders attending the Meeting in person or through Proxy are requested to complete the Attendance Slip and hand it over at the entrance of the meeting hall.

**DISH TV INDIA LIMITED**

Regd. Office: Essel House B-10, Lawrence Road, Industrial Area, Delhi -110 035

**FORM OF PROXY**

I/We \_\_\_\_\_ of \_\_\_\_\_ being a member / members of Dish TV India Limited, hereby appoint \_\_\_\_\_

\_\_\_\_\_ of \_\_\_\_\_ failing him \_\_\_\_\_ of \_\_\_\_\_

as my/ our proxy to attend and vote for me/ us on my/our behalf at the 25<sup>th</sup> Annual General Meeting of the Company, to be held on Friday, the 23<sup>rd</sup> Day of August, 2013 at 11.00 A.M. at Dr. Sarvepalli Radhakrishnan Auditorium, Kendriya Vidyalaya No. 2, A.P.S. Colony, Delhi Cantt, New Delhi - 110 010, and /or at any adjournment(s) thereof.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2013.

Name: \_\_\_\_\_

Address: \_\_\_\_\_

Reg. Folio No. : \_\_\_\_\_

DP ID No. : \_\_\_\_\_

Client ID No. : \_\_\_\_\_

No. of Shares : \_\_\_\_\_

Affix ₹ 1/-  
Revenue  
Stamp

\_\_\_\_\_  
Signature of the Equity Shareholder/Proxy

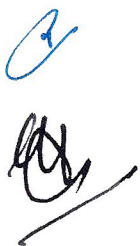
**Notes:** 1. The Proxy Form must be deposited at the Registered Office of the Company at Essel House B-10, Lawrence Road Industrial Area , Delhi -110 035 at least 48 hours before the time for holding the meeting. The proxy need not to be member of the Company.

2. All alterations made in the Proxy Form should be initiated.

3. In case of multiple proxies, proxy later in time shall be treated as valid and accepted.

**FORM B****Format of covering letter of the Annual Audit Report to be filed with the Stock Exchanges**

S. No.	Particulars	
1.	Name of the Company:	<b>Dish TV India Limited</b> BSE Code: 532839 NSE Code: DISHTV
2.	Annual financial statements for the year ended	March 31, 2013
3.	Type of Audit qualification (Also refer to footnotes A and B)	<p>Qualification: (Refer Page No. 51 of the Annual Report)</p> <p>The life of the Consumer Premises Equipment (CPE) for the purposes of depreciation has been estimated by the management as five years. However, in certain cases, the one-time advance contributions towards the CPEs in the form of rentals are recognized as revenue over a period of three years, which is not in line with the estimated life of such assets, in terms of Accounting Standard 19 'Leases', the impact of which on the financial statements has not been ascertained by the management. The Company has streamlined the above practice by recognizing the revenue over a period of five years in respect of CPEs installed with effect from 1 April 2012.</p>
4.	Frequency of qualification	<p>The Qualification appeared in the following Audit Reports:</p> <ol style="list-style-type: none"><li>1. Audit Report pertaining to the audited financial statements for the year ended March 31, 2011</li><li>2. Audit Report pertaining to the audited financial statements for the year ended March 31, 2012 in respect of the CPEs installed upto March 31, 2012.</li></ol>



## **FORM B**

### **Format of covering letter of the Annual Audit Report to be filed with the Stock Exchanges**

5.	Draw attention to relevant notes in the annual financial statements and management response to the qualification in the directors report:	<p><b><u>Relevant Note in the Annual Financial Statements:</u></b> (Refer page No. 95 of the Annual Report)</p> <p><u>Note No. 50</u> - The life of the Consumer Premises Equipment (CPE) for the purposes of depreciation has been estimated by the management as five years. Upto 31 March 2012, in certain cases, the one-time advance contribution towards the CPEs in the form of rental was being recognized over a period of three years from the activation date. The implication of this on these financial statements has not been determined presently.</p> <p>However, such practice, with effect from 1 April 2012, has been changed to five years in respect of CPEs activated on or after 1 April 2012. There is no significant impact on financial statements for the year ended 31 March 2013 on account of change in estimate for revenue recognition.</p> <p><b><u>Management Response:</u></b></p> <p>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 the life of the set top box, repair, maintenance and other service related issues. However, the Company has already put in place the process of charging depreciation and amortization of lease rentals on Consumer Premises Equipment ('CPE') in terms of the Accounting Standard – 19 from April 1, 2012 in respect of the CPEs installed from that date onwards and the lease rental and depreciation period is synchronized without any gap in recognition of both the items. Both of them are amortized/ depreciated over a period of five years in respect of such CPEs.</p>
----	---	---

B  
G

Rishi

+

2



## FORM B

### Format of covering letter of the Annual Audit Report to be filed with the Stock Exchanges

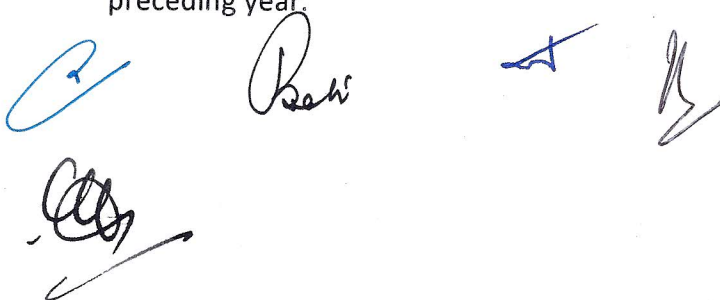
6.	Additional comments from the board/audit committee chair:	The Company has already put in place the process of charging depreciation and amortization of lease rentals on Consumer Premises Equipment ('CPE') in terms of the Accounting Standard – 19 from April 1, 2012 in respect of the CPEs installed from that date onwards and the lease rental and depreciation period is synchronized without any gap in recognition of both the items. Both of them are amortized/ depreciated over a period of five years in respect of such CPEs.
----	---	--

A. Following emphasis of matter has also been given in the Independent Auditors' Report for the year ended 31 March 2013 (Refer page No.52 of the Annual Report):

"Without qualifying our opinion, attention is invited to note 2(c) of the financial statements. The Company's net worth as at the end of the financial year is completely eroded by its accumulated losses. However, the management has prepared the financial statements assuming that the Company will continue as a going concern since it has adequate resources in the form of operating cash flows and sanctioned credit facilities from lenders to adequately meet its obligation."

B. The following observations have been made in the CARO (Refer Page Nos. 54 and 55 of the Annual Report).

- According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income tax, Sales tax, Wealth tax, Service tax, Customs duty, Excise duty and other material statutory dues, as applicable, have generally been regularly deposited during the year by the Company with the appropriate authorities *except in respect of entertainment tax dues where there have been several delays, though the amounts have subsequently been paid to the authorities*
- *The accumulated losses of the Company are more than fifty percent of its net worth at the end of the year.* The Company has not incurred cash losses during the year and in the immediately preceding year.





## **FORM B**

### **Format of covering letter of the Annual Audit Report to be filed with the Stock Exchanges**

- According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, *we are of the opinion that the funds raised on short-term basis have been used for long-term investments, primarily for acquisition of fixed assets for Rs. 70,173 lacs.*

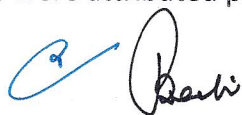
The response to the Matter of Emphasis as mentioned above in Footnote A and the observations regarding the accumulated losses and the usage of funds raised on short term basis being used for long term investment, as mentioned in the CARO, reproduced at Footnote B has been given in note 2(c) of Notes to the Financial Statements for the Year ended March 31, 2013 which is reproduced hereunder (Refer page Nos. 60 and 61 of the Annual Report):

The management believes that it is appropriate to prepare these financial statements on a 'going concern' basis, for the following reasons:-

- i) The Company holds a DTH license from Government of India which is valid till 30 September 2013 and the process of renewal of the same has been initiated. The Company is of the view that the license would certainly be renewed considering the involvement of interest of public at large.
- ii) The DTH business necessitates long gestation period. Being first mover, the Company has incurred huge cost on establishment and on awareness of the product, brand building on a pan India basis, the benefits of which will accrue in the future years.
- iii) The management is fully seized of the matter and is of the view that going concern assumption holds true and that the Company will be able to discharge its liabilities in the normal course of business since the Company holds sanctioned loan facilities from banks and would meet the debt obligations on due dates.
- iv) The Company has positive operating cash flows.

Accordingly, the financial statements do not require any adjustment as to the balances carried in the balance sheet.

Also, as a consequence and due to the above explained shortage of funds and considering the arithmetical computation of usage of funds at the year end, the short term funds aggregating Rs. 70,173 lacs were attributed primarily towards acquisition of fixed assets.



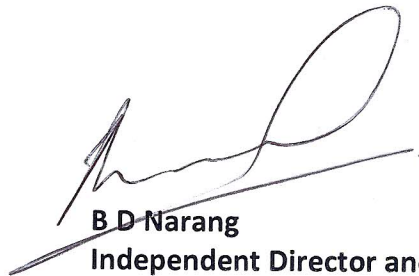
**FORM B**

**Format of covering letter of the Annual Audit Report to be filed with the Stock Exchanges**

With regard to the delays in submitting the Entertainment Tax, as mentioned in the CARO and reproduced in Serial B above, it is stated that the Company has to pay the Entertainment Tax in various states individually and the Entertainment Tax regime is ever evolving with each state making changes in the Entertainment Tax regime. The delays were on account of procedural issues which have been taken care of and the amounts have been subsequently paid to the authorities.



**Jawahar Lal Goel**  
Managing Director



**B D Narang**  
Independent Director and Chairman - Audit  
Committee



**Rajeev K Dalmia**  
Chief Financial Officer



**Kaushal Kishore**  
Partner - Membership No: 090075  
For B S R & Co.  
Chartered Accountants  
Firm Registration No: 101248 W

**Date : July 26, 2013**

