

However, the desired impact of the increased revenue did not reflect in ARPU due to higher number of activations and offering of free / subsidized content for the initial period of 3-6 months.

The Focus of the Company continued towards reduction of operational expenses, establishment of robust service network, strengthening brand equity, revamping existing packages, creating unique packages, maintaining market leadership, strengthen it's financials and providing consumer delight.

Dish TV was granted the Head-end-in-the-Sky (HITS) License. The commercial launch of HITS services was done in the early part of 2009. However, in view of the prevailing regulatory position, the HITS License has been surrendered and the HITS operations have been discontinued.

#### **SUBSIDIARY OPERATIONS**

Your Company has three subsidiaries viz. Integrated Subscriber Management Services Limited (ISMSL), Agrani Satellite Services Limited (ASSL) and Agrani Convergence Limited (ACL).

Your Company has been granted exemption by the Ministry of Corporate Affairs, Government of India, vide its letter No. 47/116/2010-CL-III dated March 18, 2010, from the requirement of attaching Annual Reports of the Subsidiary Companies to the Annual Report of the Company for the financial year ended March 31, 2010. Accordingly, as provided in the said approval, the annual accounts of the subsidiaries of the Company for year ended March 31, 2010 are not being attached with the Annual Report of the Company and certain financial highlights of these subsidiaries are disclosed in the Annual Report. Statement pursuant to Section 212 of the Companies Act 1956 relating to the subsidiaries of the Company is attached to this report. The annual accounts of the subsidiary companies and related detailed information will be available for inspection by any Member of the Company or that of the subsidiary companies. The Consolidated Financial Statements presented by the Company include financial results of its subsidiary companies.

As required by the Accounting Standard AS – 21 issued by the Institute of Chartered Accountants of India, the financial statement of the Company reflecting the Consolidation of the Accounts of its subsidiaries to the extent of equity holding of the Company in these Companies are included in this Annual Report.

#### **COPORATE RESTRUCTURING**

In terms of the Composite Scheme of Amalgamation and Arrangement between the Company, Agrani Satellite Services Limited (ASSL) (wholly owned subsidiary of the Company), Integrated Subscriber Management Services Limited (ISMSL) (wholly owned subsidiary of the Company), it is proposed to demerge the Non DTH business of the Company into ISMSL,

followed by merger of ASSL with ISMSL with effect from March 31, 2010 being the appointed date. The said scheme was approved by your Directors in order to simplify the group structure and improve cost efficiency.

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

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

#### **SHARE CAPITAL**

During the year, your Company issued and allotted 12,080 fully paid equity shares upon exercise of Stock Options under ESOP Scheme – 2007 of the Company on December 10, 2009.

During the year, your Company issued and allotted 117,035,000 fully paid equity shares of Re.1 each underlying Global Depository Receipts ("GDRs") on November 30, 2009.

Your Company had come up with Rights Issue of 51,81,49,592 equity shares of Re. 1/- each, issued at Rs. 22/- per share (including premium of Rs. 21/- per share), payable in three installments i.e. Rs. 6/- (including Re. 0.50/- towards capital) on application, Rs. 8/- (including Re. 0.25/- towards capital) on first call and balance Rs. 8/- (including Re. 0.25/- towards capital) on second call. The issue opened on December 12, 2008 and closed on January 9, 2009. The partly paid shares were allotted on January 19, 2009. The Company made the first call on June 18, 2009 and Second call on January 22, 2010. Upon receipt of valid first and second call money, the respective shares are converted from Rs.0.50 paid up to Rs.0.75 paid up and from Rs. 0.75 paid up to Rs. 1 paid up respectively.

Pursuant to the issue of further shares under ESOP and GDR offering and subsequent to conversion of partly paid shares, the paid up capital of your Company during the year has increased from Rs. 687,297,599 comprising of 428,222,803 equity shares of Re. 1 each, fully paid up and 518,149,592 equity shares of Re. 1 each, paid up Re.0.50 per share to Rs. 1062,070,492 comprising of 1059,006,947 equity shares of Re. 1 each, fully paid up, 3,429,124 equity shares of Re. 1 each, paid up Re.0.75 per share and 983,404 equity shares of Re. 1 each, paid up Re.0.50 per share.

The fully paid up equity shares issued pursuant to ESOP, against underlying GDRs and upon conversion from partly to fully paid up equity shares pursuant to Rights issue, are listed