

DIRECTORS' REPORT

To the Members,

Your Directors are pleased to present the 26th (Twenty Sixth) Annual Report and the Audited Financial Statements of the Company for the Financial Year ended March 31, 2014.

FINANCIAL RESULTS

The Financial Performance of your Company for the Financial Year ended March 31, 2014 is summarized below:

(₹ / Thousand)

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
Sales & Services	25,089,803	21,668,050
Other Income	660,249	511,952
Total Income	25,750,052	22,180,002
Total Expenses	26,128,424	23,431,940
Profit/(Loss) before Tax & Prior Period Item	(378,372)	(1,251,938)
Prior Period Item	(1,163,688)	-
Profit/(Loss) before Tax	(1,542,060)	(1,251,938)
Provision for Taxation (net)	-	-
Profit/(Loss) after Tax	(1,542,060)	(1,251,938)
Exceptional items	-	594,442
Profit/(Loss) for the Year	(1,542,060)	(657,496)
Add: Balance brought forward	(18,180,416)	(17,522,920)
Amount available for appropriations	(19,722,476)	(18,180,416)
Appropriations :		
Dividend	NIL	NIL
Tax on Dividend	NIL	NIL
General Reserve	NIL	NIL
Balance Carried Forward	(19,722,476)	(18,180,416)

DIVIDEND

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

BUSINESS OVERVIEW

The Financial Year 2013 – 14 was a globally challenging year with the economy facing turbulent times and the dollar touching new heights. The economic downturn brought challenges to your Company however your Company, despite the economic slowdown, continued to grow in all aspects. The year under review witnessed increase in all folds including gross revenue, gross subscriber base, EBITDA and ARPU.

Dish TV has pioneered the Direct-to-Home (DTH) distribution space and continues to hold the largest registered subscriber base till date. It has become synonymous with quality digital entertainment in the Country. Ever since inception dishtv has been a thought leader bringing new and innovative products and services into the category and setting benchmarks for others to follow. Dishtv has built and continues to sustain abundant capacity, beaming from 2 (two) different satellites, offering the largest bouquet of content with an unmatched 450+ channels and services. All this packaged at consumer friendly tiers that suit diverse consumer needs for content across different genres and languages.

During the year under review, your Company continued to engage subscribers by providing wholesome entertainment experience through relevant content, on demand services and the door step service & support. The positive effect of Digitization already initiated in the previous years continued to show in parts of 38 cities and your Company created new service franchisees to cater to the increased requirements of newly digitized homes in the said 38 cities. This provided an edge over competition and the benefit of such service infrastructure will yield benefit in coming years. The Digital Cable System continued to aggressively engage into stiff competition however DTH continues to be a favoured choice of the customer. Your Company continued to play the role of the leader of the Industry with bringing new and innovative products and services into the category and setting benchmarks for others to follow.

Dishtv now offers consumer choice across a wide array of multi-brand and multi product portfolio, to suit different consumer segments. Continuing the lead the category with largest bouquet of 40 HD channels, dishtruHD+, India's first HD set top box with unlimited recording, has built a hi-ARPU base of HD users that provide hi-ARPU and better retention too. Dish+, the standard definition recorder that allowed Indian

consumers to taste the power of pause / play, recording features at SD prices, has become a 30% contributor to gross additions during the year and attracts quality subscribers into the fold.

During the year under review, your Company launched a new product under the brand name – ZING. The new product is aimed at providing regional driven content, covering small towns and rural markets which will provide your Company an opportunity to strengthen its presence in these areas.

The favorable demographic pattern and constant rise in the net disposable income is also driving major change in the Media and Entertainment Industry. The quality 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.

In true spirit of a category leader, Dish TV has constantly pioneered new products that have set new benchmarks, throughout its journey. This year Dish TV forayed into the OTT (Over the Top) space with an online TV streaming product christened dishonline. Stemming from high penetration of smart phones and internet, the Indian consumer today, is spending increasing time on alternate screens like the laptop, tablet and smart phone, away from the conventional TV viewing. A large part of this consumption on smaller screens is dominated by viewership of content online. Understanding the new dynamics of evolving consumer trends of multi-screen behavior, this product provides live TV, on demand movies, catch up TV and video shows at the press of a button on an app. Hence dish TV viewers can now access their favorite TV shows on the go, on their mobile device and never miss a minute of their loved program. This innovative and engaging product was introduced at a small top up price of ₹ 60 a month, over and above the base subscription on TV, has seen over 4 lac downloads in a short span of time. The dishonline product has a great VAS opportunity to build ARPU.

The changing consumer attitudes of today's discerning consumers and increase in spending patterns, specially towards embracing new technology products, presents an opportunity for adoption of new formats such as recorders and hi-definition. With the downturn in CRTV

market and the tide shifting to flat panel technology showcases the consciousness of consumers with regard to quality of TV viewing. The panorama for DTH is brighter than ever before. Clubbed with reduction in prices of flat panel televisions, demand for quality television provides a very fertile ground for the category. Therefore, the Company sees an upsurge in demand for Hi-Definition STB sales due to the expanding HD universe by consumers actively seeking quality content. Opportunities also lie in acquiring quality consumers who make a positive difference to the bottom line not only contributing to ARPU but also increase brand loyalty.

SUBSIDIARY OPERATIONS

Subsidiary in Sri Lanka

Your Company, upon the approval of Board of Directors, incorporated a Joint Venture ('JV') Company with Satnet (Private) Limited, a Company incorporated under the Laws of 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% of the paid-up share capital and Satnet (Private) Limited holds 30% of the paid-up share capital, respectively, in the said JV Company. Dish T V Lanka (Private) Limited shall provide DTH services upon receipt of the License from the Government of Sri Lanka. The Company has received the license from the Telecom Regulatory Commission of Sri Lanka and is awaiting the license from Media Ministry of Sri Lanka, post which it shall commence the commercial operations.

Subsidiary in India

Your Company, upon the approval of Board of Directors and the Members of the Company, acquired the entire share capital of Xingmedia Distribution Private Limited ('Xingmedia') on March 24, 2014. The principal business of Xingmedia is to provide support services for satellite based communication services, management of hard assets like Consumer Premises Equipment (CPE) and its installation, after sales service, call center & back end support service, value added services etc. With the strategy of the Company to focus on core business activities, strengthen and expand its operations in this field, the investment in Xingmedia will help the Company to take necessary steps in this direction expeditiously and effectively. Your Company holds the entire share capital in Xingmedia. Xingmedia shall, post commencement of commercial operations, shall also provide various services to Dish TV including call center and back end support service.

Audited Accounts of Subsidiary Companies

In accordance with the General Circular No. 2 / 2011 dated February 8, 2011 read with General Circular No. 3 / 2011 dated February 21, 2011 issued by the Government of India, Ministry of Corporate Affairs, the accounts of Subsidiary Companies are not attached to the Annual Audited Accounts of the Company. The Board of Directors of the Company at their meeting held on May 27, 2014 had opted for not attaching the Financial Statements of the subsidiaries. The Company has prepared the Audited Consolidated Financial Statements in compliance with applicable Accounting Standards and the Listing Agreement that forms part of this Annual Report. The Statement pursuant to Section 212 of Companies Act, 1956, highlighting the summary of the financial performance of our subsidiaries is annexed to this Report. The Audited Financial Statements and related information of the Subsidiaries will be made available to any member, upon request, and shall also be open for inspection at the Registered Office of the Company.

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 Audited Consolidated 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.

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 Company has paid the annual listing fee for the Financial Year 2014-15 to the said Stock Exchanges.

The Global Depository Receipts (‘GDR’) of the Company are listed on the Luxembourg Stock Exchange. The Company has paid the annual listing fee to the Luxembourg Stock Exchange.

DEPOSITORIES

Your Company has entered into an agreement with National Securities Depository Limited (‘NSDL’) and Central Depository Services (India) Limited (‘CDSL’), the Depositories of the Company, for facilitating the members to trade in the equity shares of the Company

in Dematerialized form. The Company has paid the annual custody fees for the Financial Year 2014-15 to both the Depositories.

SHARE CAPITAL

During the year under review, your Company has issued and allotted 69,590 equity shares, upon exercise of Stock Option by the Employees / Independent Directors of the Company, pursuant to the Employee Stock Option Scheme - 2007 (‘ESOP - 2007’) of the Company and these shares were duly admitted for trading on both the stock exchanges viz 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 from the concerned shareholders, during the year under review, the Company converted 170,612 equity shares from ₹ 0.50 each paid up to ₹ 0.75 each paid up and 170,733 equity shares from ₹ 0.75 each paid up to ₹ 1 each fully paid up.

Pursuant to the issue of further equity shares under ESOP scheme and subsequent to conversion of partly paid equity shares, the paid up capital of your Company during the year has increased from ₹ 1,064,779,289.5 (comprising of 1,064,662,247 fully paid up equity shares of ₹ 1 each & 22,314 equity shares of ₹ 1 each paid up ₹ 0.75 per equity share & 200,614 equity shares of ₹ 1 each, paid up ₹ 0.50 per equity share) to ₹ 1,064,934,215.75 (comprising of 1,064,902,570 fully paid up equity shares of ₹ 1 each & 22,193 equity shares of ₹ 1 each, paid up ₹ 0.75 per equity share & 30,002 equity shares of ₹ 1 each, paid up ₹ 0.50 per equity share).

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 ₹ 113,986.33 Lakhs towards the share application and call money as at March 31, 2014, the details of which has been provided under the preceding heading.

The details of utilization of Rights Issue proceeds are placed before the Audit Committee and the Board on a quarterly basis. Further, the Company also provides the details of the utilization of Rights Issue proceeds to IDBI Bank Limited, the Monitoring Agency of the Company, 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, 2014, 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/	19,720.37
Acquisition of Consumer Premises Equipment (CPE)	26,000.00
Right Issue Expenses	544.52
Total	98,986.33

The half yearly Monitoring Reports issued by IDBI Bank Limited, the Monitoring Agency of the Company, containing deviation from the original proposed expenditure plan and in accordance with the approved 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, 2014, 85,035 GDRs have remained outstanding, the underlying shares of which forms part of the existing paid up capital of the Company.

The manner of utilization of GDR proceeds as on March 31, 2014 is as under:

Particulars	Amount (₹ In Lacs)
Acquisition of FA including CPE	7,669.88
GDR Issue Expenses	344.63
Advance Against Share Application Money given to erstwhile Subsidiary	56.14
Repayment of Bank Loans	755.22
Operation Expenses including interest payment bank charges, exchange fluctuation	21,819.05
Less: Interest earned-realized	(439.94)
Balance with Non-Scheduled Bank	25,443.97
Total	55,648.95

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 Nomination and Remuneration Committee (formerly '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 has 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 the Company.

During the period under review, the Nomination and Remuneration Committee (formerly 'Remuneration Committee') of the Board granted 380,650 stock options to the eligible Employees / Independent Directors as per the ESOP - 2007 of the Company. The ESOP Allotment Committee of the Board, during the year, issued and allotted 69,590 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, 2014, pursuant to Clause 12 (Disclosure in the Directors' Report) of the SEBI (Employees' Stock Option Scheme and Employees' Stock Purchase Scheme) Guidelines, 1999, as amended from time to time, are set out in the Annexure to this Report.

A certificate to the effect that the ESOP - 2007 Scheme of the Company 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 ESOPs, 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 LOAN / 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 Financial Statements of the Company.

CORPORATE GOVERNANCE

Corporate Governance is not just a destination but a journey to constantly improve sustainable value creation. 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') business. 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' expectation. 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 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. Your Company has been constantly reassessing and benchmarking itself with well-established Corporate Governance practices.

The Company is in compliance of all mandatory requirements regarding Corporate Governance as stipulated under Clause 49 of the Listing Agreement with the Stock Exchange(s). For the fiscal year ending 2014, the compliance report is provided in the Corporate Governance section of the Annual Report. A certificate issued by the Statutory Auditors of the Company on compliance of the conditions of Corporate Governance stipulated in Clause 49 of the Listing Agreement with the Stock Exchange(s) forms part of the Corporate Governance 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 is separately attached hereto and forms a part of this Annual Report.

CORPORATE SOCIAL RESPONSIBILITY

As part of the Essel Group, 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.

AWARDS AND ACHIEVEMENTS

During the year, your Company was voted as the 'Most Attractive DTH Brand' in the TRA's (Trust Research Advisory) report of 'India's Most Attractive Brand 2013' and also as the 'Most Trusted Brand' by Trust Research Advisory (TRA) in their report 'Brand Trust Report - 2014'.

RATINGS

CRISIL, a Credit Rating Agency, has during the year under review assigned 'CRISIL A- / Stable (Assigned)' rating to the New Banking Facilities of the Company.

CARE (Credit Analysis and Research Limited), a Credit Rating Agency has revised the rating of Long-Term Bank Facilities of the Company from 'CARE BBB (Triple B)' to 'CARE A- (Single A minus)'. The revision in standalone rating of the Company factors in comfortable debt coverage metrics (Total Debt / GCA & Interest coverage ratio), availability of large unencumbered deposits (cash) to meet any contingencies and strong parentage.

POSTAL BALLOT

During the year under review, your Company sought the approval of the Shareholders on the following matters, vide Postal Ballot Notice dated February 14, 2014.

- Special Resolution under Section 372A of the Companies Act, 1956 to approve making loans / investments or giving guarantee or providing any security, for an additional amount of Indian Rupees 30 Crores, the aggregate amount of loans / investments / guarantees not exceeding Indian Rupees 100 Crores, in Dish T V Lanka (Private) Limited over and above the limits prescribed under the said Section.
- Special Resolution under Section 372A of the Companies Act, 1956 to approve making an



initial investment of upto Indian Rupees 1 lakh for acquiring / investing through purchase / transfer, the entire share capital of Xingmedia Distribution Private Limited over and above the limits prescribed under the said section.

The said Postal Ballot Notice 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 result on the voting conducted through Postal Ballot process was declared on March 24, 2014.

The procedure prescribed under Section 192A of the Companies Act, 1956 and notified applicable provisions of Companies Act, 2013 read with the Companies (Passing of the Resolution by Postal Ballot) Rules, 2011 was adopted for conducting the Postal Ballot.

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

DIRECTORS

In terms of the Articles of Association of the Company and the applicable provisions of the Companies Act, 1956, Mr. Mintoo Bhandari, Non-Executive Nominee Director is liable to retire by rotation at the ensuing Annual General Meeting. Your Board recommends the re-appointment of Mr. Mintoo Bhandari, as a Director liable to retire by rotation, in terms of the applicable provisions of the Companies Act, 2013.

In terms of provisions of the Companies Act, 2013, the office of the Independent Directors shall not be liable to retire by rotation. Accordingly, Mr. B. D. Narang, Mr. Arun Duggal, Mr. Lakshmi Chand and Mr. Eric Louis Zinterhofer, 'Non-Executive & Independent Directors' of the Company, whose office are liable to retire by rotation, under the erstwhile provisions of the Companies Act, 1956 have been proposed to be appointed as Independent Directors of the Company whose office would not be liable to retire by rotation, in terms of the provisions of Section 149, 150 and 152, Schedule IV of the Companies Act, 2013, for a term of 3 (three) consecutive years with effect from the conclusion of 26th Annual General Meeting upto the conclusion of 29th Annual General Meeting of the Company to be held in the calendar year 2017.

The Board has received declarations from all the 'Independent Directors' of the Company confirming

that they meet with the criteria of Independence, as prescribed under Section 149 of the Companies Act, 2013. Further, your Board has also evaluated and opined that the 'Independent Directors' of the Company fulfil the conditions specified in the Companies Act, 2013 and the rules made thereunder and are Independent. Thus the Board recommends their appointment as Independent Directors on the Board of the Company.

Details of the proposal for the appointment of above Directors is mentioned in the Explanatory Statement under Section 102 of the Companies Act, 2013 of the Notice of the Annual General Meeting. Brief resume and details of Directors proposed to be appointed / re-appointed at the ensuing Annual General Meeting are included in the Corporate Governance Report.

AUDITORS

The Statutory Auditors B S R & Co. LLP, Chartered Accountants, Gurgaon, having Registration No. 101248W/W-100022, have expressed their unwillingness to be reappointed as the Statutory Auditor of the Company. The Board, on recommendation of the Audit Committee, has proposed to the members, the appointment of Walker Chandiook & Co LLP, Chartered Accountants, New Delhi (Firm Registration No. 001076N/N-500013) as the Statutory Auditor of the Company for a period of 3 years, i.e., from the conclusion of 26th Annual General Meeting until the conclusion of 29th Annual General Meeting to be held in the calendar year 2017 and also to fix their remuneration.

Your Company has received confirmation from Walker Chandiook & Co LLP, Chartered Accountants, New Delhi, to the effect that their appointment, if made, will be in accordance with the limits specified under the Companies Act, 2013 and that they satisfy the criteria specified in Section 141 of the Companies Act, 2013 read with Companies (Audit & Auditors) Rules 2014.

AUDITOR'S REPORT

The response to the matter of Emphasis laid down by the Auditors in the Audit Report and the Annexure thereto is as under:

The response to Serial No. 5 (a) of the Auditors report and Serial No. (x) of the Annexure to the Audit Report - The Company holds a DTH license from Government of India and the DTH business necessitates long gestation period. Being first mover, the Company has incurred huge cost on establishment and awareness of the product, brand building on a pan India basis. 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. The Company also has positive operating cash flows and the loss is also reducing gradually.

The response to Serial No. 5(b) and 5(c) of the Auditors report is- The Company has been recognizing the initial activation fee received from the subscribers over a period ranging from 3 years to 5 years based on the time period and nature of scheme under which the connection of the subscriber was activated. However, the cost incurred in procurement, installation and activation of the Consumer Premises Equipment (CPE) is higher than the amount realized from the subscribers. To this extent, there was a mismatch in the total cost incurred upto the time of activation of the connection at the customers end and the initial revenue realized by the Company. In order to give a fair representation of the transaction & matching the cost leading upto installation, a change in revenue recognition policy was adopted by the Management. This will result in a true and fair view of the underlying business transaction.

The response to Serial No.(ix)(a) of the Annexure to the Audit Report is- 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

The response to Serial No. (xvii) of the Annexure to the Audit Report is - The Company needs to procure CPE for installation at the end of subscriber. The same is treated as Fixed asset and depreciated over a period of 5 years. The funds borrowed for this purpose is relatively of shorter duration and hence prima facie, the short term funds are used for long term purpose.

AUDIT COMMITTEE RECOMMENDATION

During the year there was no such recommendation of the Audit Committee which was not accepted by the Board.

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 had appointed Chandra Wadhwa & Co., Cost Accountants (Membership Number – 6797), as the Cost Auditor for

the Financial Year 2013-14. The Cost Auditors' Report for the Financial Year 2013-14 will be forwarded to the Central Government on or before September 30, 2014.

Pursuant to Companies (Cost Records and Audit) Rules, 2014 dated June 30, 2014 issued by the Ministry of Corporate Affairs, there is no further requirement of appointment of Cost Auditors for Company providing Broadcasting Services and accordingly your Company is from now onwards exempt from appointing Cost Auditors.

RISK MANAGEMENT SYSTEM & INTERNAL CONTROL SYSTEMS

Your Company has an effective internal control and risk mitigation system, which is constantly assessed and strengthened with new / revised standard operating procedures and which ensures that all the assets of the Company are safeguarded and protected against any loss and that all the transactions are properly authorized and recorded. The Company has laid down procedures to inform Audit Committee and Board about the risk assessment and mitigation procedures, to ensure that the management controls risk through means of a properly defined framework. This internal control systems of your Company ensures that all assets are safeguarded and protected against loss from unauthorized use or disposition and those transactions are authorized, recorded and reported correctly.

An extensive program of internal audits and management reviews supplements the process of internal control. Properly documented policies, guidelines and procedures are laid down for this purpose. The internal control system has been designed to ensure that the financial and other records are reliable for preparing financial and other statements and for maintaining accountability of assets.

The Company also has an Audit Committee, presently comprising of 4(four) Non-Executive professionally qualified Directors, who along with Management team, interact with the Statutory Auditors, Internal Auditors, Cost Auditors and Auditees in dealing with matters within its terms of reference. The Committee *inter alia* deals with accounting matters, Financial Reporting and Internal Controls which also periodically reviews the Risk Management Process.

COMPANIES ACT, 2013

During the current Financial Year the Companies Act, 1956 has been replaced by newly enacted Companies Act, 2013 and became applicable from April 1, 2014.



The Ministry of Corporate Affairs, Government of India vide its Circular 08/2014 dated April 4, 2014 notified that the Financial Statements (and documents attached thereto), Auditor's Report and Board's Report in respect of the financial years that commenced earlier than April 1, 2014 shall be governed by the relevant provisions / schedules / rules of the Companies Act, 1956. Accordingly, the Financial Statements and the Director's Report has been prepared as per the applicable provisions of the Companies Act, 1956.

Your Company has been regular in keeping pace with the fast changes introduced by the Companies Act, 2013 and initiated necessary actions accordingly. Some of the important initiatives taken by your Company are as under:

- a) Reconstitution of the Board and the Committees thereof;
- b) Revision of the terms of reference of the Board Committees;
- c) Designation of Key Managerial Personnels;
- d) Setting up of Vigil Mechanism;
- e) Constitution of Corporate Social Responsibility Committee;
- f) Recommendation for the Appointment of the Independent Directors, not liable to retire by rotation, who satisfy the criteria enumerated in Companies Act, 2013;
- g) Providing E-Voting facility to Members to vote on the resolutions of General Meeting and Postal Ballot.

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

The Company is committed to nurturing, enhancing and retaining talent through superior learning & Organization Development interventions. 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. The Company takes pride in the commitment, competence and dedication shown by its employees in all areas of business.

The Company has a structured induction process at all locations and management development programs to upgrade skills of managers. Objective appraisal systems based on Key Result Areas (KRAs) are in place for employees of the Company.

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.

PARTICULARS OF EMPLOYEES

As on March 31, 2014, the total numbers of employees on the records of the Company were 947. The information required under Section 217(2A) of the Companies Act, 1956 ('Act') read with the Companies (Particulars of Employees) Rules, 1975, as amended

from time to time, is required to be set out in an annexure to this report. However, in terms of Section 219(1)(b) of the Act, the Annual Report is 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, Managing Director, 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 2013-14, your Directors confirm the following:

- a) That in the preparation of the Financial Statements for the year ended March 31, 2014, the applicable Accounting Standards have been followed along with proper explanation relating to material departures;
- b) That the Accounting Policies have been selected and 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, 2014, and of the profit or loss of the Company for the year ended on that date;
- c) That proper and sufficient care has been taken for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- d) That the Annual Accounts for the year ended March 31, 2014 have been prepared on a going concern basis.

INDUSTRIAL OPERATIONS

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

CAUTIONARY STATEMENT

Statements in this Report, particularly those which relate to Management Discussion and Analysis, describing the Company's objectives, projections, estimates and expectations, may constitute 'forward looking statements' within the meaning of applicable laws and regulations and actual results might differ.

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
DIN: 00076462

B D Narang
Director
DIN: 00038052

Place: Noida
Date: August 26, 2014

ANNEXURE 'A' TO DIRECTORS' REPORT

Statement as at March 31, 2014 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
		May 23, 2013	288,550	₹ 68.00
July 26, 2013	92,100	₹ 57.10		
B	Pricing formula	The pricing formula as approved by the Shareholders of the Company, shall be the "market price" as per the SEBI Guidelines, 1999, as amended from time to time, 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	5,723,050 (Includes the Lapsed Options which were added back to the kitty)		
D	Total number of Options vested (includes option exercised)	2,133,938 (Net Options Vested)		
E	Options Exercised	1,547,370		
F	The total number of shares arising as a result of exercise of options	1,547,370		
G	Total number of Options Lapsed	2,851,740		
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	₹ 62,072,246/-		
J	Total number of Options in force	1,323,940		
K	Employee wise details of Options Granted (as on March 31, 2014):			
	(i) Senior Managerial Personnel			
	Name	Designation	No. of Options Granted	No. of Options outstanding
	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	28,590
	V K Gupta	COO	97,200	58,320
	(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			
	Name	Designation	No. of Options Granted	
	Joy Patra	Senior Vice President - Sales	42,900	
	Salil Srivastava	DVP Central Zone	52,100	
	Renjith NK	DVP-South 1 Zone	52,100	
Gurpreet Singh	Senior Vice President Sales	141,450		
R S Vijyakumar	DVP South Zone	52,100		
Tarun Nanda	DVP - Finance & Investor Relations , Finance & Accounts	40,000		

	(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	23-May-13	26-Jul-13
		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)	-	-	9,495	902,628	212,597	864,720	4,154,004	481,687	(1,325,118)	1,885,479	663,096
	Impact on profits and EPS in case of fair value method was employed for accounting of ESOP	Loss per share increase by ₹ 0.01 per share (from ₹ 1.45 per share to ₹ 1.46 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	23-May-13	26-Jul-13
		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	68.00	57.10
		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	68.00	57.10
		Weighted – average Fair Value (Pre re-pricing) (₹)	40.45	-	23.87	30.61	26.64	36.57	37.54	55.32	37.92	35.12	30.12
		Weighted – average Fair Value (Post re-pricing) (₹)	21.49	-	23.87	30.61	26.64	36.57	37.54	55.32	37.92	35.12	30.12

O	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	23-May-13	26-Jul-13
	(i) risk-free interest rate	8.45%	-	8.48%	6.36%	7.35%	7.89%	8.01%	8.23%	8.06%	7.32%	8.57%
	(ii) expected life (yrs.)	5	-	5	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%	48.94%	47.93%
	(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	68.00	57.10
	(v) expected dividends	The shares issued under Stock Options shall rank <i>pari-passu</i> , 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
DIN-00076462

B D Narang
Independent Director
DIN-00038052

Place: Noida
Date: August 26, 2014

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	Dish T V Lanka (Private) Limited	Xingmedia Distribution Pvt. Ltd.
2. Financial Year of the Subsidiary Company ended on	31-Mar-2014	31-Mar-2014
3. Holding Company's interest	70%	100%
4. Shares held by the Holding Company in the Subsidiary	70,000 Equity Shares of LKR 10/- each (₹ 0.43) fully paid up	118,010,000 Equity Shares of ₹ 10/- each, 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, 2014	(208)	(110)
b) For the previous Financial Years of the Subsidiaries since it became a Subsidiary	(36)	First Year of Operation
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, 2014	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

Jawahar Lal Goel
Managing Director
DIN-00076462

B D Narang
Independent Director
DIN-00038052

Place: Noida
Date: August 26, 2014