

MANAGEMENT DISCUSSION AND ANALYSIS

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 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 realized. 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

Dish TV India Limited (BSE Code - 532839, NSE Code - DISHTV) continues to be India's largest Direct to Home (DTH) operator in terms of the registered subscriber numbers.

DTH industry had a very successful year on the background of positive vibes due to rising disposable income and government initiatives to embark on digitalization in the Non DAS areas. The buzz was High Definition, penetration – both through new acquisition and upgradation of existing subscribers from standard definition to high definition. Devices with recording facility also saw traction. The higher penetration and acceptance of HD also resulted in higher revenue for the entire industry and contained churn of subscribers. The year under review was an extremely successful year for the industry also on the account of increased acceptance of the DTH services even in the digital cable dominated areas.

Though the consumer demand has not fully reflected on growth in GDP, DTH sector grew well and fared much better than the previous financial years – both in terms of increased number of subscribers and increased revenue from the subscriber. The prices for New Television sets continued their downward journey resulting in increase of the target customer base for the sector. The year under review also saw settled economic

indicators along with positive economic sentiments which resulted in the consumers willing to spend more out of the disposable. The same resulted into constant recharge behavior of the consumers.

During the year, Dish TV successfully converted these positive vibes into business opportunities through aggressive penetration strategies in non-digitized markets and growth and revenue enhancement opportunities in digitized markets. This was done through a three-pronged strategy. Firstly, an aggressive thrust in non-digitized markets through brand investments, regional product offerings, distribution and service network expansion. To acquire customers from the wider spectrum of population spread across the country having different languages, cultures and viewing choices, your Company strengthened its presence in the linguistic markets through its new and emerging brand – Zing. Secondly, emphasis on subscriber engagement continued through various innovative schemes and new offerings. The subscribers being the key focus area, your Company continues to invest its attention towards providing enhanced personalized services and solutions to its varied segments of subscribers. Thirdly, continuing the lead in the category with largest bouquet of HD channels, dishtruHD+, India's first HD set top box with unlimited recording, has built a base of HD users that provide higher ARPU and better retention. Dish TV now offers consumer choices through a multi-brand and multi product portfolio to cater to different consumer segments.

Dish TV has changed the face of Indian television by providing the Indian consumer access to premium quality entertainment, thereby enhancing the viewing experience. Our understanding of the category has not only raised the bar but has taken the standards of television to incredible elevations. The recent launch of DishFlix is yet another example of our constant quest for innovation and commitment to provide unmatched entertainment service experience to our consumers.

Your Company has been able to touch millions of the consumer's hearts by meeting their latent needs through product innovations and promise of convenience and quality. Personalization is one key determinant that gives your Company an edge over the other market players. With innovative and ground-breaking technology like 'only for you', DIY Services, Multi Lingual services, we have earned a credible reputation for being

more consumers centric. Through these personalized services, we give our consumers the upper hand by giving them the freedom to customize and operate on their own according to their taste and needs. Also with the consumers hard-pressed for time, our online service, DISH Online, provides them entertainment on the go.

Your Company harps upon the Vision “Enrich people’s lives by providing them with unmatched entertainment service experience”. It strives hard to achieve its Vision and in furtherance of the same it has set Core Values which are incorporated within its DNA. The Core values create shared purpose, collaboration and workplace pride. These core values coupled with our approach of simplify, accelerate, build and customer focus will propel Dish TV into becoming a potent force.

The Year under review was a breakthrough year for your Company. Apart from recording increase on all operational and revenue front including increase in total revenue, increase in EBITDA, increase in subscriber numbers, your Company also recorded Net Profit for the first time. The expansion in the EBITDA margin was primarily due to the difference in the rate of increase of revenue and the various cost items. The rupee dollar volatility was much less during the year under review as compared to the previous years resulting into less foreign exchange outgo on the foreign exchange exposure items. The content cost also had single digit growth during the year.

SWOT ANALYSIS

Strengths

DishTV continues to lead the DTH category from the front. The year has seen healthy growth in subscribers which has been a result of deep understanding of consumer needs translated into compelling propositions. Your company pursued its objective of enriching lives of TV viewers across all strata with aggressive penetration strategies and leveraged the third phase of digitization. Our strength is our reach and DishTV was instrumental in more and more households of the country to experience high quality TV viewing experience at affordable costs.

The year also saw further boom in HD viewing environment with several new HD channels getting launched. DishTV is driving the shift to HD with more and more consumers opting for this technology. While

our HD STB sales have grown, we have also focused on enhancing our content, packaging and pricing options to make HD accessible to the mainstream market.

DishTV as a brand stands for delivering unmatched entertainment experience for the masses. This year saw investments in Brand as well as continued support to new products and services. Dish TV today is a stronger, more meaningful brand. It intends to put latest technologies and services like HD, Live recording, Universal remote within the reach of everyone.

ZING our regional brand, has been a great success. It continued to serve the needs of the vernacular market and consumers with its unmatched value for money proposition for the consumers. Going forward Zing markets are likely to get consolidated with enhanced value proposition for the end consumers.

Investments to deliver seamless service experience is being pursued consistently with growth in our reach both in terms of sales and service network. DishTV is continually getting closer to its customers.

Weakness

The introduction of new taxes last year further increased the burden for the category which has been plagued by multiple tax regime for years. While with the GST getting a go ahead – this should get addressed but it will take another 12-18 months for this to take shape.

With majority new consumers coming from relatively smaller population markets with limited disposable income – ARPU’s continues to be a challenge for the category and for DishTV

Opportunities

HD would continue to be the big opportunity market for DTH operators. DishTV with its content offering and proposition is well poised to cater to consumers demands with respect to HD. Our intent would be to make HD more and more pervasive across the country.

The last phase of digitization is another mega opportunity event for DTH as category. DTH operators are expected to garner majority share vs cable operators in this phase of digitization.

With e-commerce growing significantly and more and more consumers from across strata getting online, we see this medium is all set to become a big contributor to the overall growth in acquisition numbers.

Increased content consumption and emerging technologies is an opportunity as it drives us to reinvent and re-focus on our customers and provide relevant solutions.

Threats

As a category whose consumer base is spread across all socio-economic strata, the overall economic scenario will have its impact. Last year monsoons impacted disposable incomes of consumers which led to curtailing of spends by households.

As a growing but mature category, there is increasing competition both from within the category as well as alternate solution providers. IPTV along with high speed internet at lower costs continues to be a potential alternate and could be a threat in the medium term. However restricted bandwidths still are a bottleneck to take this to mass markets. Increased consumption of TV content via mobile is proliferating fast, however mobile viewing experience as of now is restrictive.

High incidence of taxation and regulatory intervention will continue restricting the growth and profitability of the DTH sector, unless measures are taken by stakeholders and policy makers to ease the taxation framework.

Strategy

The Year under review continued to pose challenges – some new, some perennial, to your Company. The Company faced intense competition from the Cable distribution platform and the DTH operators. However, your Company, with its vision and mission in place, came out with flying colors. Despite not having very favorable business conditions, became the first and only operator to turn profitable at a net profit level for the full fiscal year.

The business momentum continues strongly and we expect all the initiatives the company has undertaken to continue to provide strong revenue and earnings momentum going forward. Your company is well placed to take advantage of the upcoming digitization in Phase 3 and Phase 4 markets and is well placed to capitalize on the opportunities offered by the same. In a tough economic environment your company remains focused on delivering superior shareholder value by innovation and excellent execution.

Tailor made products, prompt and efficient service, continuous evolution of new products and HD offering will be the key focus are of your Company. Your Company presently offers maximum number of HD channels and is always looking forward to launch new HD Channels to capitalize on the growing requirement for high quality products. Expanding HD TV households in the country unravels huge potential for HD connection and content.

The launch of the revolutionary product - DishFlix, India's first home video system, will be another milestone for Dish TV. The product transforms the ecosystem construct around the category and adds benefits to the Dish TV consumer who will have access to the blockbuster movies without the requirement of internet. Your Company shall continue to take long strides and push the Zing product to the relevant market.

Key Performance Indicators

During the year under review, your Company continued to grow in terms of revenue, EBITDA and ARPU. Your Company continued to post Profits in this financial year also. During the year key highlights of operational performance were as under:

- Net Profit for FY 16 stood at ₹ 4,199 Million;
- Net subscriber base stood at 14.5 Million on March 31, 2016;
- Operating Revenue for FY 16 stood at ₹ 22,276 Million;
- EBITDA for FY 16 stood at ₹ 10,249 Million;
- Total Number of Channels & Services were 525;
- Total number of HD channels & service stood at 50;
- ARPU for FY 16 stood at ₹ 172.

Risk Management and Internal Control

A Risk Management Policy (Policy) has been adopted by the Company which aims to detail the objectives and principles of risk management along with an overview of the process and related roles and responsibilities. The policy lays down Company's approach towards risk mitigation, its risk management objectives and defines the risk management framework of the organization. Your management believes that the effective risk management strategies allow to identify your project's strengths, weaknesses, opportunities and threats. By planning for unexpected events, your company prepares for any risk that may arise.

Risk management plans contribute to project success by establishing a list of internal and external risks. This plan typically includes the identified risks, probability of occurrence, potential impact and proposed actions. Low risk events usually have little or no impact on cost, schedule or performance. Effective risk management strategies allow your Company to maximize profits and minimize expenses on activities that don't produce a return on investment. Through detailed analysis, effective leaders prioritize ongoing work based on the results produced, despite the odds.

The Company has in place an established internal control system commensurate with the size, scale and complexity of the organization. The internal control system has been designed to ensure orderly and efficient conduct of its business, including adherence to Company's policies, safeguarding of assets, prevention and detection of frauds and errors, accuracy and completeness of the accounting records, and the timely preparation of reliable financial information.

The entire risk management and Internal control mechanism has been put in place with a belief that achieving a project's goals depends on planning, preparation, results and evaluation that contribute to achieving strategic goals.

Your Company believes that internal control and risk management are necessary prerequisite of the principle of governance and that freedom should be exercised within a framework of appropriate checks and balances. Your company has an effective internal control and risk mitigation system, which is constantly assessed and strengthened with new/revised standard operating procedures. 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. The audit committee of Board actively reviews the adequacy and effectiveness of the internal control systems and risk mitigation systems and suggest improvements to strengthen them.

The Company's internal control system is designed to ensure operational efficiency, protection and conservation of resources, accuracy and promptness in financial reporting and compliance with laws and regulations. The internal control system is supported by an internal audit process for reviewing the adequacy and

efficacy of the Company's internal controls, including its systems and processes and compliance with regulations and procedures.

Talent Management

The strength of any company lies in the competencies and skills of its employees. Your Company focusses on developing the capabilities of its employees and maximizing their productivity. Your Company encourages a culture of open communication that empowers employees to articulate their thoughts and feelings freely, exchange ideas and contribute to organizational growth.

Your Company has been successful in attracting best of the talent from industry and academic institutions and has been successful in retaining them. Being an organization that focuses on staying at the cutting edge of technology through our people, your company strive at attracting the best talent through intensive recruitment drives. We hire for talent, passion and right attitude through latest recruitment and selection practices. We have established our reputation for being a vibrant learning organization driven by passion. The Company is committed to nurturing, enhancing and retaining talent through superior learning & Organization Development interventions.

Your Company has institutionalized the people philosophy framework SAMWAD to ensure that, as part of key objectives, people managers deliver on organization's expectations of managing outcome and developing people by being focused on their strengths. The Company has a robust appraisal system based on MBO (Management by Objectives) philosophy following a top down approach and open performance discussions. We encourage meritocracy and reward excellence in performance.

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. As on March 31, 2016, there were 388 employees on the rolls of the Company.

FINANCIALS AND FINANCIAL POSITION

Standalone and Consolidated Financials as on March 31, 2016:

Table below presents Standalone & Consolidated Financials for the Current and Previous Financial Year.

(₹ in Lakhs)

Statement of Profit and Loss Account for the year ended 31 March 2016	Standalone		Consolidated	
	2016	2015	2016	2015
Income				
Revenue from Operations	222,755	268,795	305,994	268,795
Other Income	7,847	5,468	6,404	6,350
Total Revenue	230,602	274,263	312,398	275,145
Expenses				
Purchase of stock in trade (Consumer premises equipment related accessories /spares)	15,960	806	1,256	806
Change in inventories of stock- in- trade	987	[239]	[269]	[239]
Operating expenses	139,607	139,535	146,812	139,536
Employee benefit expense	4,942	10,129	12,287	10,175
Finance Cost	8,587	17,538	20,873	17,541
Depreciation & amortization expense	5,949	61,375	59,071	61,384
Other expenses	16,858	45,018	43,416	45,206
Total Expenses	192,890	274,162	283,446	274,409
Profit/ (Loss) before tax	37,712	101	28,952	736
Profit/ (Loss) from continuing operation before tax	37,712	1,253	28,952	-
Tax expense	(4,280)	-	(40,290)	422
Profit/ (Loss) from continuing operation after tax	41,992	1,253	69,242	314
Profit/ (Loss) from discontinuing operation before tax	-	(1,152)	-	-
Tax expense	-	-	-	-
Profit/ (Loss) from discontinuing operation after tax	-	(1,152)	-	-
Profit/ (Loss) for the year	41,992	101	69,242	314

(₹ in Lakhs)

Balance Sheet as at 31 March 2016	Standalone		Consolidated	
	2016	2015	2016	2015
EQUITY AND LIABILITIES				
Shareholders' Funds				
(a) Share Capital	10,659	10,656	10,659	10,656
(b) Reserves and Surplus	319	[41,838]	27,412	[41,994]
	10,978	[31,182]	38,071	[31,338]
Non-current Liabilities				
(a) Long Term Borrowings	-	-	115,354	-
(b) Other Long Term Liabilities	1,054	1,826	6,349	1,826
(c) Long Term Provisions	754	656	1,732	656
	1,808	2,482	123,435	2,482
Current Liabilities				
(a) Short Term Borrowings	-	4,795	284	4,795
(b) Trade Payables	20,199	11,647	22,980	12,680
(c) Other Current Liabilities	21,837	221,350	87,660	221,297
(d) Short Term Provisions	119,309	106,611	121,508	106,710
	161,345	344,403	2,32,432	345,482
Total	174,131	315,703	3,93,938	316,626

Balance Sheet as at 31 March 2016	Standalone		Consolidated	
	2016	2015	2016	2015
(₹ in Lakhs)				
ASSETS				
Non-Current Assets				
(a) Fixed Assets				
(i) Tangible assets	22,824	144,231	180,198	144,282
(ii) Intangible assets	804	1,100	805	1,106
(iii) Capital work-in-progress	3,303	47,014	61,003	49,716
(b) Non-Current Investment	26,804	31,804	15,000	20,000
(c) Deferred Tax Assets	4,540	-	43,600	-
(d) Long Term Loans and Advances	14,890	11,405	16,924	8,388
(e) Other Non-Current Assets	219	1,663	274	1,668
	73,384	237,217	317,804	225,160
Current Assets				
(a) Current investment	-	-	8,203	-
(b) Inventories	-	987	1,256	987
(c) Trade Receivables	6,415	6,368	7,246	6,368
(d) Cash and Bank balances	24,508	42,493	33,917	42,861
(e) Short Term Loan and Advances	69,768	26,482	23,081	39,094
(f) Other Current Assets	56	2,156	2,431	2,156
	100,747	78,486	76,134	91,466
Total	174,131	315,703	393,938	316,626

(A) RESULTS OF OPERATIONS

We are pleased to share the Consolidated Financial information for the year ended March 31, 2016, compared to previous year ended March 31, 2015. At the close of FY16, Dish TV India Limited has two Subsidiaries Company i.e., Dish T V Lanka (Private) Limited (Dish Lanka) with 70% equity holding and Dish Infra Services Private Limited with 100% equity holding. Dish T V Lanka (Private) Limited has received the requisite licenses and permissions from regulatory authorities and has commenced its commercial operations. The Consolidated Financial Statements have been prepared after elimination of inter Company transactions, if any.

Revenue from Operations

Revenue from Operations includes Subscription Revenue, Lease rentals, Teleport services, and Bandwidth charges, Sale of CPE & accessories, Advertisement Income & Other operating income. Revenue from Operations increased by ₹ 37,199 lakhs or 14% from ₹ 268,795 lakhs in FY15 to ₹ 305,994 lakhs in FY16.

Other Income

Interest & Other Income increased by ₹ 54 lakhs or 1% from ₹ 6,350 lakhs in FY15 to ₹ 6,404 lakhs in FY16.

Purchases of stock-in-trade

Purchases of stock-in-trade increased by ₹ 450 lakhs or 56% from ₹ 806 lakhs in FY15 to ₹ 1,256 lakhs in FY16.

Change in inventories of stock-in-trade

Change in inventories of stock in trade decreased by ₹ 30 lakhs or 13% from ₹ (239) lakhs in FY 15 to ₹ (269) lakhs in FY16.

Operating expenses

Operating expenses increased by ₹ 7,276 lakhs or 5% from ₹ 139,536 lakhs in FY15 to ₹ 146,812 lakhs in FY16.

Employee benefit expenses

Overall employee benefit expenses increased by ₹ 2,112 lakhs or 21% from ₹ 10,175 lakhs in FY15 to ₹ 12,287 lakhs in FY16.

Finance Cost

Finance cost increased by ₹ 3,332 lakhs or 19% from ₹ 17,541 lakhs in FY15 to ₹ 20,873 lakhs in FY16, due to Interest charged on others and interest on licenses fee.

Depreciation and amortization expense

Depreciation and amortization decreased by ₹ 2,313 lakhs or 4% from ₹ 61,384 lakhs in FY15 to ₹ 59,071 lakhs in FY16.

Other Expenses

Other Expenses is decreased by ₹ 1,790 lakhs or 4% from ₹ 45,206 lakhs in FY15 to ₹ 43,416 lakhs in FY16.

Profit and Loss before tax

Profit before Tax for the Financial Year 2015-16 ₹ 28,952 lakhs. Profit before Tax for the Financial Year 2014-15 ₹ 736 lakhs.

Tax Expense

Tax Expense decreased by ₹ 40,712 lakhs from ₹ 422 lakhs in FY15 to ₹ (40,290) lakhs in FY16. Decreased of Tax expenses due to adjustment of deferred tax assets.

Profit and Loss for the year

Profit for the Financial year 2015-16 is ₹ 69,242 lakhs. Profit for Financial year 2014-15 ₹ 314 lakhs. Increasing of profit due to business growth and created of deferred tax assets.

(B) FINANCIAL POSITION

(i) Equity and Liabilities

Share Capital

Share capital increased by ₹ 3 lakhs or 0.03%, from ₹ 10,656 lakhs in FY 15 to ₹ 10,659 lakhs in FY16.

Reserves and Surplus

Reserves and Surplus Increased by ₹ 69,406 lakhs or 165.28%, from ₹ (41,994) lakhs in FY15 to ₹ 27,412 lakhs in FY16.

Long Term Borrowings

Long Term Borrowings Increased by ₹ 115,354 lakhs as on March 31, 2016 as against ₹ Nil on March 31, 2015.

Other Long Term Liabilities

Other Long Term Liabilities stood at ₹ 6,349 lakhs as on March 31, 2016, as against ₹ 1,826 lakhs as on March 31, 2015. The increase was due to increase in interest accrued on borrowing.

Long Term Provisions

Long Term Provisions increased by ₹ 1,076 lakhs from ₹ 656 lakhs as on March 31, 2015 to ₹ 1,732 lakhs as on March 31, 2016.

Current Liabilities

Current Liabilities includes Short Term Borrowings, Trade Payables, Other Current Liabilities and Short

Term Provisions. Current Liabilities stood at ₹ 232,432 lakhs as on March 31, 2016, as against ₹ 345,482 lakhs as on March 31, 2015.

(ii) Assets

Non-Current Assets

Tangible Assets

Tangible assets stood at ₹ 180,198 lakhs as on March 31, 2016, as against ₹ 144,282 lakhs as on March 31, 2015. The increase was due to the Capital Expenditure incurred for CPEs deployment.

Intangible Assets

Intangible assets stood at ₹ 805 lakhs as on March 31, 2016, as against ₹ 1,106 lakhs as on March 31, 2015.

Capital Work-in-Progress

Capital Work-in-Progress increased by ₹ 11,287 lakhs from ₹ 49,716 lakhs as on March 31, 2015 to ₹ 61,003 lakhs as on March 31, 2016.

Non-Current Investments

Non-Current Investments stood at ₹ 15,000 lakhs as on March 31, 2016, as against ₹ 20,000 lakhs as on March 31, 2015.

Deferred tax assets

Deferred tax assets stood at ₹ 43,600 lakhs as on March 31, 2016 as against Nil as on March 31, 2015. Recognition of deferred tax assets was done in March 31, 2016.

Long Term Loans and Advances

Long Term Loans and Advances increased by ₹ 8,536 lakhs from ₹ 8,388 lakhs as on March 31, 2015 to ₹ 16,924 lakhs as on March 31, 2016. This was mainly due to increase in capital advances.

Other Non-Current Assets

Other Non-Current Assets stood at ₹ 274 lakhs as on March 31, 2016, a decrease of 84% over the last year figure of ₹ 1,668 lakhs.

Current Assets

Current Investments

Current Investments stood at ₹ 8,203 as on March 31, 2016, as against ₹ Nil as on March 31, 2015.

Inventories

Inventories stood at ₹ 1,256 lakhs as on March 31, 2016, as against ₹ 987 lakhs as on March 31, 2015, registering an increase of 27%.

Trade Receivables

Trade Receivables stood at ₹ 7,246 lakhs as on March 31, 2016, as against ₹ 6,368 lakhs as on March 31, 2015.

Cash and Bank Balances

Cash and Bank Balances stood at ₹ 33,917 lakhs as on March 31, 2016, as against ₹ 42,861 lakhs as on March 31, 2015.

Short Term Loans and Advances

Loans and Advances stood at ₹ 23,081 lakhs as on March 31, 2016, as against ₹ 39,094 lakhs as on March 31, 2015.

Other Current Assets

Other Current Assets stood at ₹ 2,431 lakhs as on March 31, 2016, an increase of 13% over the last year figure of ₹ 2,156 lakhs.