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), despite the increased competition in the market, continues to be India's largest Direct to Home (DTH) operator in terms of the registered subscriber numbers.

The entertainment industry has been consistently growing, both in terms of volume and value. DTH as a segment has also benefited from this overall growth story. Technology innovations, rising disposable incomes and government initiatives to push digitization acted as catalysts in this positive trend. More subscribers are coming into the fold, thanks to robust understanding of customer needs and packages tailor-made for both value conscious as well as content conscious customers. Our new innovative packs played a significant role in containing subscriber churn and increasing penetration in digital cable dominated areas. High Definition penetration has also increased and the High Definition (HD) customer base has broadened. Your company has strengthened its share in new HD connections, by acquiring new HD customers as well as by upgrading existing subscribers of Standard Definition service to High Definition service through segmented packages and offers. The increase in the High Definition subscribers has supported the EBIDTA margin and ARPU.

The government's focus on e-payments, coupled with benefits offered by banks and e-wallets, made recharge experience more rewarding and convenient for subscribers. Dish TV is committed to promote this behavior by making it easier through our various online tools and tie-ups. Further to this, on-time recharge behavior and long-term recharges are special focus areas with new initiatives to benefit the subscribers. These saving propositions together with our increasing & ever improving bouquet of channels will definitely have a significant positive impact on customer satisfaction.

Technology has been at the core of the development of the entertainment industry. On one hand, decreasing prices of panel TVs is enabling a large number of families to upgrade from CRT TVs. This is a trigger to upgrade from cable to DTH or SD to HD as the case may be. On the other hand, decreased costs of data, penetration of smart phones and connected TVs are drawing customers to a new mode of receiving entertainment. These developments offer a significant opportunity from a current and near future perspective. Our strengths in sales and distribution has ensured that we are well poised to leverage this new emerging opportunity. We are also exploring ways to tap into the growing potential of data driven entertainment.

Dish TV is in the midst of a merger with Videocon D2H Ltd. The merged entity is expected to emerge as one of the world's leading cable and satellite distribution platforms. This will offer an unparalleled opportunity to broadcasters, suppliers and technology providers to reach out to a wide spectrum of customer base. The scale of operations and the synergy is expected to have a positive impact with significant room for growth.

Our strategies, plans and actions have always been driven with focus on our subscribers. Content enrichment and pack offerings will play a crucial role in enhancing customer satisfaction. Investment in the brand in the form of campaigns and engagements will lead to improved affinity with the customer. These efforts will have a significant impact in driving retention.

As a pioneer in the space of DTH, Dish TV has continuously looked at enhancing the experience of its customers with premium quality content. Any break in delivery of this content to the customer is a big cause of angst and dissatisfaction. While this is a natural part of our business, a continuous focus on improving our systems and increasing our network has enabled us to bring down the response time under 4 hrs for redressal of any complaint of a customer.

Among the various initiatives taken by the Company, this year will see the launch of a new improved STB. An advanced User Interface, Multi-Lingual menu and HD with 5X picture clarity will take the customer experience to an all-time high.

The internet is changing the consumers purchase behavior. E-Commerce is a growing trend amongst customers across categories and industries. Dish TV has continuously expanded its presence online to be available to its customers through all popular online retail platforms. We continue to strengthen online sales through our own website and strongly supplement the same through key e-commerce portals. This presence will be strengthened not only in terms of availability but also focus and investments in driving brand engagement and traffic on digital mediums.

SWOT ANALYSIS

Strengths

Dish TV continues to be the largest DTH operator in the country on the basis of registered subscriber numbers. The Company continued to be focused on the consumer and their satisfaction. A deep understanding of the category and customer across categories has resulted in introduction of new innovative packs and compelling propositions. Cross category learnings resulted in the introduction of affordable HD packs which enabled a large set of customers to move up the experience ladder.

Brand DishTV continued to be one of the most recalled brands amongst its peers and was highly-placed in the customers consideration set. This was a result of the consistent investment in the brand in the form of campaigns across various media platforms. A special focus on social media keeps up the engagement with customers on a 24x7 basis.

A strong brand can't go anywhere without significant strength in sales and service. Your Company, DishTV enjoys the advantage of an unparalleled network in the category. This would be enhanced further by the ongoing merger with Videocon D2H Ltd. As a natural process, the combined entity would fill up any gap which may exist in this vast country of ours.

The merger will open up a vast opportunity in synergizing operations across all verticals. Your Company will pursue to seize these opportunities and ensure that the potential on this front is maximized.

While the earlier high incidence of taxation and variance in taxes across the country were restricting growth, and decreasing the ease of doing business, the implementation of GST is a bold step which will have a positive impact on the Company as well as the industry.

Weakness

The corrective actions of the Government such as demonetization necessitated a process of learning and adjustment which has contributed to some slowdown. The overall growth temporarily came down and contraction in key sectors such as real estate, IT and others have proved to be a sentiment dampener for customers. However, corrective actions have been initiated in the economy by the Government which will have a positive impact in the long run.

Within the DTH industry, new customers coming in from Tier III and IV towns while pushing up the overall base, continues to be a challenge for ARPUs with their limited disposable income.

Opportunities

The aforementioned synergies resulting from the merger would be the most significant opportunity for the Company. While there will be natural areas of synergy, our efforts would be to leverage the combined scale of operations across all frontiers such as broadcast, technology acquisition, new subscription, increasing the margins etc.

The potential in HD is still to be realized. Your Company has made tremendous inroads on this front with the introduction of affordable low-cost packs designed to whet the appetite for more. A continued focus on HD would result in both greater penetration as well as enhanced ARPU.

Digitization continues to be another opportunity and our introduction of low-cost packs with scope for customization would definitely result in tapping of this segment.

Fueled by social media, content creation is at an all-time high. This healthy appetite demonstrated by consumers is an untapped potential for us to explore.

Threats

While the category continues to grow and thrive, subscribers are increasingly flirting with other modes of consuming content. At one end, enhanced content available on Free Dish has found an increasing number of takers amongst the price conscious consumer. At the other end, IPTV & OTT are finding new takers with lower costs of data, increased smart phone penetration and content creation.

Strategy

The year under review has thrown an equal amount of opportunities and complexities for the Company to grapple with. The rapid pace of change has been met with innovation across all frontiers of business. This will be the scheme of things to come and we will continue to operate at two levels. One, keeping in view our long-term strategy and the other, of a quick and rapid response necessitated by the changing business environment. Nevertheless, the guiding light in all situations has always been our focus on customer satisfaction.

Your Company will continue to look at meeting the needs of our customers across the matrix of value, content requirement and delivery mechanism. Innovative packs have been introduced at extremely low prices for the value conscious customers. Affordable HD packs have been created for those on the threshold of graduating from SD. A new policy of long-term recharges has been announced which will introduce the customer to a new world of value enhancement.

The merger with Videocon D2H will multiply our advantage of scale and catapult us into an entirely new orbit to build new strategy around growth and profitability.

Key Performance Indicators

During the year under review, your Company continued to grow in terms of revenue. 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 17 stood at ₹ 1,092.8 Million;
- Net subscriber base stood at 15.5 Million on March 31, 2017;
- Operating Revenue for FY 17 stood at ₹ 30,143.9 Million;
- EBITDA for FY 17 stood at ₹ 9,785.9 Million;

- Total Number of Channels & Services were 619;
- Total number of HD channels & service stood at 68;
- ARPU for FY 17 stood at ₹ 154.

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. 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. Effective risk management strategies allow your Company to maximize profits and minimize expenses on activities that don't produce a return on investment.

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. These systems are routinely tested and certified by Statutory as well as Internal Auditors and cover key business areas. Significant audit observations and follow up actions thereon are reported to the Audit Committee. The Audit Committee reviews adequacy and effectiveness of the Company's internal control environment.

The management information system (MIS) forms an integral part of the Company's control mechanism. All operating parameters are monitored and controlled. Any material change in the business outlook is reported to the Board. Material deviations from the annual planning and budgeting, if any, are reported to the Board on quarterly basis. An effective budgetary control on all capital expenditure ensures that actual spending is in line with the Capital Budget.

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. 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. The Company seeks respects and values the diverse qualities and backgrounds, that its people bring to it and is committed to utilizing the richness of knowledge, ideas and experience that this diversity provides. 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. Apart from the normal operations related to Human Resources, your Company strives to implement corporate branding practices, succession planning and maintaining a steady flow of talent pipeline.

Your Company has been successful in attracting best of the talent from industry and academic institutions. 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 and Organization Development interventions.

Your Company has institutionalized the people philosophy framework 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, 2017, there were 394 permanent employees on the rolls of the Company.

FINANCIALS AND FINANCIAL POSITION

Standalone and Consolidated Financials as on March 31, 2017:

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 2017	Standalone		Consolidated	
	2017	2016	2017	2016
Income				
Revenue from Operations	194,539	222,755	301,439	305,994
Other Income	4,388	7,847	4,751	6,404
Total Revenue	**198,927**	**230,602**	**306,190**	**312,398**
Expenses				
Purchase of stock-in-trade (Consumer premises equipment related accessories/spares)	14	15,960	1,119	1,256
Change in inventories of stock-in-trade	-	987	(52)	(269)
Operating expenses	130,455	139,607	142,325	146,812
Employee benefit expense	5,630	4,942	14399	12,287
Finance Cost	10,014	8,587	22,389	20,873
Depreciation & amortization expense	7,766	5,949	66,308	59,071
Other expenses	19,870	16,858	45,788	43,416
Total Expenses	**1,73,749**	**192,890**	**292,276**	**283,446**
Profit before prior period items & tax	**25,178**	**37,712**	**13,914**	**28,952**
Prior Period Items	(559)	-	(574)	-
Profit/(Loss) before tax	24,619	37,712	13,340	28,952
Tax expense	8,350	(4,280)	2,412	(40,290)
Profit/(Loss) for the year	**16,269**	**41,992**	**10,928**	**69,242**

(₹ in Lakhs)

Balance Sheet as at 31 March 2017	Standalone		Consolidated	
	2017	2016	2017	2016
EQUITY AND LIABILITIES				
Shareholders' Funds				
(a) Share Capital	10,659	10,659	10,659	10,659
(b) Reserves and Surplus	16,648	319	38,400	27,412
	27,307	**10,978**	**49,059**	**38,071**
Non-current Liabilities				
(a) Long Term Borrowings	-	-	58,339	115,354
(b) Other Long Term Liabilities	1,295	1,054	9,998	6,349
(c) Long Term Provisions	1,088	754	2,307	1,732
	2,383	**1,808**	**70,644**	**123,435**
Current Liabilities				
(a) Short Term Borrowings	-	-	-	284
(b) Trade Payables	10,480	20,199	17,109	22,980
(c) Other Current Liabilities	18,038	21,837	1,46,906	87,660
(d) Short Term Provisions	139,890	119,309	1,42,370	121,508
	168,408	**161,345**	**3,06,385**	**2,32,432**
Total	**198,098**	**174,131**	**4,26,088**	**3,93,938**

Balance Sheet as at 31 March 2017	Standalone		Consolidated	
	2017	2016	2017	2016
ASSETS				
Non-Current Assets				
(a) Fixed Assets				
(i) Property, Plant & Equipment	27,645	22,824	1,90,795	180,198
(ii) Intangible assets	1,128	804	1,234	805
(iii) Capital work in progress	2,210	3,303	78,677	61,003
(b) Non -Current Investment	26,804	26,804	15,000	15,000
(c) Deferred Tax Assets	4,719	4,540	51,003	43,600
(d) Long Term Loans and Advances	18,741	15,106	20,119	17,140
(e) Other Non-Current Assets	19	219	37	274
	81,266	**73,600**	**3,56,865**	**318,020**
Current Assets				
(a) Current investment	-	-	1,441	8,203
(b) Inventories	-	-	1,308	1,256
(c) Trade Receivables	8,141	6,415	8,697	7,246
(d) Cash and Bank balances	22,925	24,508	29,225	33,917
(e) Short Term Loan and Advances	85,580	69,552	27,432	22,865
(f) Other Current Assets	186	56	1,120	2,431
	116,832	**100,531**	**69,223**	**75,918**
Total	**198,098**	**174,131**	**4,26,088**	**393,938**

(A) RESULTS OF OPERATIONS

We are pleased to share the Consolidated Financial information for the year ended March 31, 2017 compared to previous year ended March 31, 2016. At the close of FY17, 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 and one joint venture i.e. C&S Medianet Private Limited with 48% 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, Infra support services, Lease rentals, Teleport services, and Bandwidth charges, Sale of CPE & accessories, Advertisement Income & Other operating income. Revenue from Operations decreased by ₹ 4,555 lakhs or 1.49% from ₹ 305,994 lakhs in FY16 to ₹ 301,439 lakhs in FY17.

Other Income

Interest & Other Income decreased by ₹ 1653 lakhs or 25.81% from ₹ 6,404 lakhs in FY16 to ₹ 4,751 lakhs in FY17.

Purchases of stock-in-trade

Purchases of stock-in-trade decreased by ₹ 137 lakhs or 10.91% from ₹ 1,256 lakhs in FY16 to ₹ 1,119 lakhs in FY17.

Change in inventories of stock-in-trade

Change in inventories of stock in trade increased by ₹ 217 lakhs or 80.67% from ₹ (269) lakhs in FY 16 to ₹ (52) lakhs in FY17.

Operating expenses

Operating expenses decreased by ₹ 4,487 lakhs or 3.06% from ₹ 1,46,812 lakhs in FY16 to ₹ 1,42,325 lakhs in FY17.

Employee benefit expenses

Overall employee benefit expenses increased by ₹ 2,112 lakhs or 17.19% from ₹ 12,287 lakhs in FY16 to ₹ 14,399 lakhs in FY17.

Finance Cost

Finance cost increased by ₹ 1,516 lakhs or 7.26% from ₹ 20,873 lakhs in FY16 to ₹ 22,389 lakhs in FY17, due to Interest charged on others and interest on licenses fee.

Depreciation and amortization expense

Depreciation and amortization increased by ₹ 7,237 lakhs or 12.25% from ₹ 59,071 lakhs in FY16 to ₹ 66,308 lakhs in FY17.

Other Expenses

Other Expenses is increased by ₹ 2,372 lakhs or 5.46% from ₹ 43,416 lakhs in FY16 to ₹ 45,788 lakhs in FY17.

Profit and Loss before tax

Profit before Tax for the Financial Year 2016-17 ₹13,340 lakhs. Profit before Tax for the Financial Year 2015-16 ₹ 28,952 lakhs.

Tax Expense

Tax Expense increased by ₹ 42,702 lakhs from ₹(40,290) lakhs in FY16 to ₹ 2,412 lakhs in FY17. Increased of Tax expenses due to current tax and adjustment of deferred tax assets.

Profit and Loss for the year

Profit for the financial year 2016-17 is ₹ 10,928 lakhs. Profit for financial year 2015-16 ₹ 69,242 lakhs. Decreasing of profit due to lower of revenue and increase in operational cost, employee cost, finance cost, depreciation & amortization expenses and tax expenses.

(B) FINANCIAL POSITION

(i) Equity and Liabilities

Share Capital

Share capital increased by ₹ 0.85 lakh from ₹ 10,659 lakhs in FY 16 to ₹ 10,659 lakhs in FY17.

Reserves and Surplus

Reserves and Surplus Increased by ₹ 10,988 lakhs or 40.08%, from ₹ 27,412 lakhs in FY 16 to ₹ 38,400 lakhs in FY17.

Long Term Borrowings

Long Term Borrowings decreased by ₹ 57,015 lakhs or 49.43%, from ₹ 1,15,354 lakhs in FY 16 to ₹ 58,339 lakhs in FY 17.

Other Long Term Liabilities

Other Long Term Liabilities stood at ₹ 9,998 lakhs as on March 31, 2017 as against ₹ 6,349 lakhs as on March 31, 2016. The increase was due to increase in interest accrued on borrowing.

Long Term Provisions

Long Term Provisions increased by ₹ 575 lakhs from ₹ 1,732 lakhs as on March 31, 2016 to ₹ 2,307 lakhs as on March 31, 2017.

Current Liabilities

Current Liabilities includes Short Term Borrowings, Trade Payables, Other Current Liabilities and Short Term Provisions. Current Liabilities stood at ₹ 3,06,385 lakhs as on March 31, 2017 as against ₹ 2,32,432 lakhs as on March 31, 2016.

(ii) Assets

Non-Current Assets

Property, Plant & Equipment

Property, Plant & Equipment stood at ₹ 1,90,795 lakhs as on March 31, 2017 as against ₹ 1,80,198 lakhs as on March 31, 2016. The increase was due to the Capital Expenditure incurred for CPEs deployment.

Intangible Assets

Intangible assets stood at ₹ 1,234 lakhs as on March 31, 2017 as against ₹ 805 lakhs as on March 31, 2016.

Capital Work-in-Progress

Capital Work-in-Progress increased by ₹ 17,674 lakhs from ₹ 61,003 lakhs as on March 31, 2016 to ₹ 78,677 lakhs as on March 31, 2017.

Non-Current Investments

Non-Current Investments stood at ₹ 15,000 lakhs as on March 31, 2017 as against ₹ 15,000 lakhs as on March 31, 2016.

Deferred tax assets

Deferred tax assets stood at ₹ 51,003 lakhs as on March 31, 2017 as against ₹ 43,600 as on March 31, 2016.

Long Term Loans and Advances

Long Term Loans and Advances increased by ₹ 2,979 lakhs from ₹ 17,140 lakhs as on March 31, 2016 to ₹ 20,119 lakhs as on March 31, 2017. This was mainly due to increase in other tax paid under protest.

Other Non-Current Assets

Other Non-Current Assets stood at ₹ 37 lakhs as on March 31, 2017, a decrease of 86.50% over the last year figure of ₹ 274 lakhs.

Current Assets

Current Investments

Current Investments stood at ₹ 1,441 as on March 31, 2017 as against ₹ 8,203 as on March 31, 2016.

Inventories

Inventories stood at ₹ 1,308 lakhs as on March 31, 2017 as against ₹ 1,256 lakhs as on March 31, 2016, registering an increase of 4.14%.

Trade Receivables

Trade Receivables stood at ₹ 8,697 lakhs as on March 31, 2017 as against ₹ 7,246 lakhs as on March 31, 2016.

Cash and Bank Balances

Cash and Bank Balances stood at ₹ 29,225 lakhs as on March 31, 2017 as against ₹ 33,917 lakhs as on March 31, 2016.

Short Term Loans and Advances

Loans and Advances stood at ₹ 27,432 lakhs as on March 31, 2017 as against ₹ 22,865 lakhs as on March 31, 2016.

Other Current Assets

Other Current Assets stood at ₹ 1,120 lakhs as on March 31, 2017, a decrease of 53.93% over the last year figure of ₹ 2,431 lakhs.