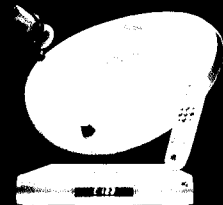


Annual Report
2006-07

SPEARHEADING GROWTH

Report  junction.com



 **dish tv**™
Direct To Your Home

www.reportjunction.com

THE ESSEL GROUP'S PIONEERING VISION

dishtv is an Essel Group venture. A Group that has diverse National & Global business interests encompassing media programming, broadcast & distribution, specialty packaging, entertainment parks, multiplexes and trading. The businesses have close synergies in the area of content, distribution, infrastructure and allied services.

Essel Group is truly a transnational enterprise with an Indian soul and a global spirit.



A LEGACY OF INNOVATION

- Zee TV, the first Indian satellite channel
- Zee News, the first News channel in the private sector
- Siticable, the first MSO
- EsselWorld, the first theme park
- Playwin, the first online lottery
- Essel Propack, the world's No. 1 in packaging
- dishtv, the first DTH venture in India

All revolutionary concepts, far ahead of their times, in their respective fields

BOARD OF DIRECTORS

Subhash Chandra
CHAIRMAN

Jawahar Lal Goel
MANAGING DIRECTOR

B.D. Narang
INDEPENDENT DIRECTOR

Arun Duggal
INDEPENDENT DIRECTOR

Dr. Pritam Singh
INDEPENDENT DIRECTOR

Ashok Kurien
DIRECTOR

Laxmi Goel
Ashok Goel
Punit Goenka
Chandrashekhar Rajgopalan
RESIGNED AND CEASED TO BE DIRECTORS W.E.F. JANUARY 6, 2007

Jagdish Patra
COMPANY SECRETARY

M/s MGB & Co.
AUDITORS

ICICI Bank
IDBI Bank
Standard Chartered Bank
UTI Bank
Union Bank of India
BANKERS

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Arun Kumar Kapoor
CEO

Rajiv Khattar
PROJECTS

Rajeev K Dalmia
FINANCE

Amitabh Kumar
TECHNOLOGY

V. K. Gupta
IT

Sujoy Sen
SALES

Anjali M Nanda
MARKETING

Ish Anand
SERVICE

Pallav Agrawal
SERVICE

Ranjan Sarkar
HUMAN RESOURCES





Dear Stakeholders,

It gives me great pleasure to present to you the first Annual Report of dishv after it was listed on 18th April'07. The response of the investor community has been heartwarming, with a market capitalisation of over US\$ 1 billion. Our company is thus part of a select group of less than 200 Indian companies that constitute the 'Billion Dollar Club'. My thanks to you, for your unstinted support.

The Indian Entertainment & Media Industry is estimated to be Rs. 450 billion and is on a growth overdrive, with a conservative projected compounded annual growth rate of 18% over the next 5 years. Television revenues are increasing, both in terms of advertising & subscriptions. Moreover, India is today the world's third largest television market with 117 million TV owning households, growing at 7.5% per annum. This means a 54% penetration of TV. It is estimated that close to 12 million TV sets are added every year. With India's annual GDP growth rate of close to 9%, this penetration is likely to increase to 57% by the year FY2008 and 64% by FY2011. This scenario presents new challenges and opportunities to all players involved in the industry. This is also driving healthy competition and therefore a mutually beneficial long term relationship between consumers, content providers and distribution companies and will act as a nucleus for self sustaining growth of the entire value chain.

Digitalization is driving a complete makeover of the Indian distribution space and dishv with its pioneering legacy and first mover advantage, is ideally placed to benefit from this opportunity. The DTH space is slated to grow at a scorching pace and is all set to emerge as the sunrise sector of the next decade. The industry size was 2.6 million subscribers in March '07 and is expected to grow to 5 million in FY2008 and 27 million in FY2011. At an 80% compounded growth per annum, Industry Revenue is expected to touch Rs. 100 billion by 2011.

2007 was a year of rapid growth coupled with consolidation, for dishv. We closed the year with 2 million subscribers, having added 1.1 million subscribers during the year. This gives us a year end subscriber market share of 77% of the industry.

MARKET SCENARIO

The year 2007 also saw the aggregation of content on our DTH platform. With availability of all bouquets, focus shifted from just selling in smaller towns, to also include all the big towns & metros. Today, a third of our business comes from the top 50 towns and going forward, this is likely to increase to 50%. During the course of the year, we transitioned into a truly national player in this space. This year also saw the emergence of competition, with one new player entering the DTH space. This year also saw the partial implementation of Conditional Access System (CAS) in parts of Delhi, Mumbai & Kolkata, thereby presenting an opportunity to both DTH & Cable Operators to expand their reach and improve customer alignment. CAS is likely to be extended to cover these three metros fully by the end of 2007. Over the next 2 years, it is expected to be extended to cover a total of 55 towns. The future belongs to digitalization and both DTH and Digital Cable will eventually find a healthy balance and learn to co-exist.

PILLARS OF SUCCESS

In the DTH business there are 4 key Pillars of Success - Brand, Distribution, Service, Content & Innovation. Success will belong to those who get their act right in these areas. During 2007, our company has taken significant strides in all these areas.

Brand - dishv has emerged as an important national brand, with a strong presence in both urban & rural India. Large financial

investments have been made in strengthening the brand and today it is recognized as a Pioneer, which stands for Leadership, Innovation & Reliability. The brand is visible across all media - TV, Press, Radio, Internet & Outdoors - across the length & breadth of the country. An important indicator of our pan India presence is that our subscriber base is spread across all states, with no dependency on any particular region or state. Going forward, as the pioneer, it will become the task of marketing to unveil plans to educate the masses & make this product category & brand more relevant to consumers.

Distribution - The year saw considerable strengthening of the S&D infrastructure with distribution reach extending to over 4100 towns and over 35,000 retail outlets dealing in such diverse product categories as durables, telecom & gifts. We also established 12 Branch Offices and a nationwide supply chain through 18 Regional Warehouses. Distribution is a key strength and differentiator of our company.

Service - Service will be another differentiator of our company as we go along. We have 12,500 direct & indirect people engaged in providing service across India. Service excellence is being maintained through a 24x7 Call Center that employs approx. 1000 agents and a front end service network of close to 100 Dish Care Centers (DCCs) and service franchisees in the top cities. These DCCs operate as per the company's guidelines and deliver on-site service to customers. We are successfully making the transition from being a Technology oriented company to one that is Service driven.

Content & Innovation - Content is king. With over 170 channels, dishtv has by far the widest offering in the Industry. We have also launched a host of new age features like Near Video on Demand (nVOD), Sports Active, News Active, Mosaic for all genres & Games for children, thus maintaining our pioneering & leadership position. In a first and only of its kind in India, passengers of a prominent Indian airline can now see television channels, beamed live in flight, through the dishtv platform. Truly a triumph of technology. Similarly, we have also facilitated the viewing of live television in ships, including Naval Warships and moving vehicles through our Mobile Dish initiative.

PEOPLE & ORGANIZATION DEVELOPMENT

dishtv is in the midst of a comprehensive organization restructuring exercise as recommended by 'Hay Group', especially in the areas of Sales & Service. From being a simple organization, we have transitioned into a matrix organization with the creation of seven Zonal Hubs. Senior high caliber & empowered professionals have been recruited, to head these hubs and to take combined ownership for Sales, Service, Supply Chain, Regional Marketing & Collections. Senior professionals have also been recruited as Heads of Departments of various Corporate functions. The Sales Organization has almost doubled and the Service Organization almost tripled in the last one year. New verticals have been created at the Corporate level to support the field and to drive initiatives. All this has resulted in an organization that is highly competitive in nature, that is highly customer facing and that will have quick response time & speed to market. People are our key assets and we are creating an organization to manage future growth & challenges.

FUTURE COMPETITIVE SCENARIO

The process of structural change has kick-started in the Indian television distribution business. Digitization is driving its complete makeover, simultaneously on multiple platforms including DTH, Digital cable and IPTV. We expect 56 m Indian households to be digitally connected by 2011, of which the lion's share would be on DTH platforms. The Indian DTH market is expected to evolve more on the lines of the telecom market, where the entry of multiple players led to explosive growth.

Within DTH, a total of 5 players are expected in 2008. This heralds good news for the Industry. With increased competition and greater spends on advertising and customer education, the market will expand just the way the mobile telephony market grew with the advent of competition. With 27 million subscribers expected in FY2011 and 61 million in FY2015, DTH in India will be one of the most exciting markets in the world and there will be room for everyone to grow & flourish.

With this, I would like to thank all of you, my fellow shareholders, for your continued support & investment. We will continue to make every effort to ensure that our company is counted among the top Service Organizations in India and remains a valuable investment for you.

Subhash Chandra

NEW AGE DIGITAL ENTERTAINMENT REVOLUTION, SET TO SWEEP INDIA

THERE IS A DIGITAL REVOLUTION SWEEPING ACROSS INDIA

Set to empower Indians to move towards a lifestyle that truly makes them citizens of the world. Today Indians, expect only the best, in all spheres of their life, including entertainment. They are vying for better products and better services that help them live life and enjoy entertainment the way the world does -THE DIGITAL WAY.

Today, when it comes to attaining a true experience of entertainment, analog transmission is passé. Picture has to be crystal clear DVD quality digital; Sound has to be CD quality stereophonic; Content has to satisfy their burgeoning demand for variety and spice, Service has to be a 24 x7 network speaking to them in their language, ensuring there is no glitch when entertainment is at stake.

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DISHTV AT THE FOREFRONT OF THE DIGITAL REVOLUTION

LEADING THIS REVOLUTION IS DISHTV

dishtv pioneered the launch of direct-to-home satellite services in India, that heralded an era of digital entertainment in the country and changed the lives of millions of Indians.

Powered by technological prowess, dishtv reaches homes across the country including areas such as the Siachen and Ladakh, places where television entertainment was a mere dream.

To ensure wholesome entertainment, futuristic features and world class service levels, dishtv partnered with many national and international broadcasters. Today dishtv boasts of a robust bouquet of 170 channels along with revolutionary services such as Movie On Demand, Gaming, Multi Audio Feed, Sports Active, News Active & Cinema Active. These value added services have given entertainment a whole new dimension, with subscribers now being able to order movies when they want, hear programmes in the languages they want, choose between different camera angles on cricket, play exciting games from a remote, analyze match statistics or catch highlights anytime! dishtv has truly redefined the way entertainment is viewed.

In keeping with its pioneering tradition, dishtv is also the first and only one in India, to offer an experience of Live TV while traveling by air. It partners with India's premier Kingfisher Airlines to provide live entertainment 35,000 ft above the sea level, ensuring that live news and sports do not remain limited to just realms of homes.

Further, dishtv also provides mobile DTH for cars, warships - in fact, on any moving vehicle within the footprint of its satellite, to enable Live TV, irrespective of the carrier or its speed.



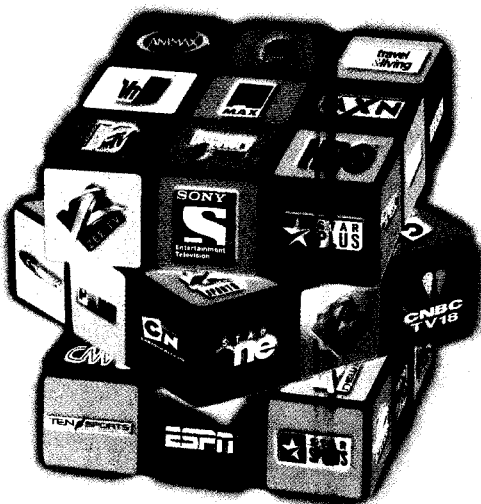
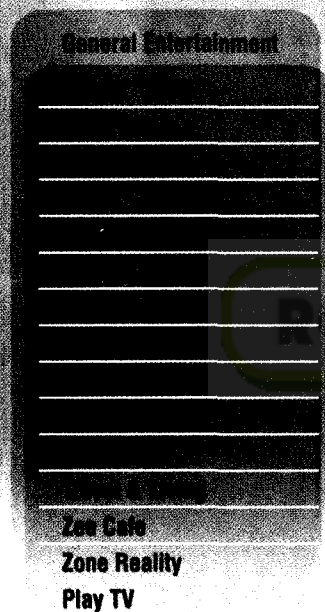
CONTENT IS KING

AND AT DISHTV, THE CONTENT BASKET IS UNBEATABLE

Commitment to Content is something that dishtv has got in legacy from the group. In the initial years, the width and depth of the Zee Network programming gave a kick start to our business. However, our mission being 'to provide wholesome entertainment to every Indian', we pride ourselves in being a neutral distribution platform with every broadcaster getting a privileged seat on board.

170 CHANNELS ASSEMBLED IN CONSUMER FRIENDLY PACKAGES

Recognising that India is a multilingual, multicultural country with vast differences in tastes between urban and rural belts, content has been aggregated and classified into 4 different packages. The MAXI, WELCOME, FREEDOM PLUS & FREEDOM packages along with language pick options ensure that the same platter is not served across regions, but is customised to respective likes and wants. Further, consumers from every economic strata can select from any of these pocket friendly packages, priced between Rs 100 to Rs 300 a month.



Movies

Zee Cinema
MAX
Star Plus
Star Movies
Filmly
Zee Premiere
Zee Action
Zee Classic
HBO
MGM
Zee Studio
TCM
PIX

Kids

Cartoon Network
POGO
Animax
Nick
Boomerang
Disney
Toon Disney
Hungama

Music

MTV
Vh1
Channel V
Zee Music*
ETC Music*
B4U Music
MH1 Music*

News/Info

Zee News
CNN IBN
Times Now
NDTV 24x7
NDTV Profit
Aaj Tak*
BBC
CNN
India TV
IBN7
Zee Business
CNBC TV 18
Awaaz
DD News*
DD Lok Sabha*
DD Rajya Sabha*
Total TV
Jain TV*
Headlines Today*
ND TV India*
Sahara Samay
Janmat

REGIONAL BOUQUET STRENGTH

Robust regional content is one of our strongest muscle. We have always appreciated that regional programming is not only a delight factor for viewers in the respective regions but also brings a smile to the face of millions of emigrant viewers, who have moved out of their 'home states' pursuing work and dreams.

For this dislocated populace dishtv's crystal clear beaming of the channels of their choice, irrespective of where they reside, brings them home everyday.

DISHTV IN EVERY ROOM

With a dishtv in every room, the whole family can enjoy digital entertainment, even if their choice of programmes is different. For upto 4 TVs in a single home, the 2nd / 3rd / 4th connections are charged for a small incremental subscription of Rs 100 per month only.

Dish Oriya

ETV Oriya

DD Oriya*

Dish Tamil/Malyalam

Asianet

Asianet News

Asianet Plus

Star Vijay

Jeevan

Indiavision

Sun TV*

Sun News*

Amrita TV

Raj TV

Raj Digital

Manorama News

Jaya TV*

DD Malayalam*

DD Podigai*

Kairali*

Sports

Zee Sports

ESPN

Star Sports

Ten Sports

DD Sports*

Dish Kannada

Zee Kannada

ETV Kannada

DD Chandana*

Dish Telugu

Zee Telugu

ETV Telugu

Maa TV

ETV2 Telugu News

DD Sapthagiri*

TV 9 (Telugu)*

Dish Hindi/Punjabi

Zee Punjabi

ETC Punjabi

PTC

ETV UP

ETV Rajasthan

ETV Bihar

ETV Urdu

Sahara UP

DD Punjabi*

Infotainment

Dish Gujarati

Dish Gujarati

Zee Gujarati

ETV Gujarati

DD Gujarati*

Dish Bangla

Zee Bangla

ETV Bangla

ETV Bihar

24 Ghanta

DD North East*

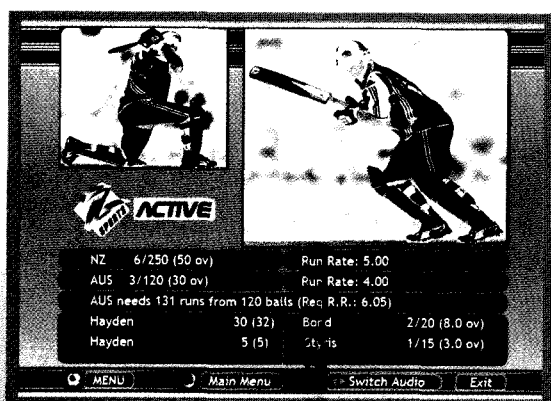
Aakash Bangla*

DD Bangla*

Nepal 1*



A representation of genre wise strength only, not packages. *Channel available as a part of free to air DD DTH service



VALUE ADDED SERVICES; OPENING A WHOLE NEW WORLD OF MAGICAL POSSIBILITIES

SPORTS ACTIVE

Watching cricket on TV is now better than being in the stadium. Subscribers can pick from multiple camera angles, choose to hear commentary in different languages, get player statistics & match highlights on demand, all at the press of a button.

NEWS ACTIVE

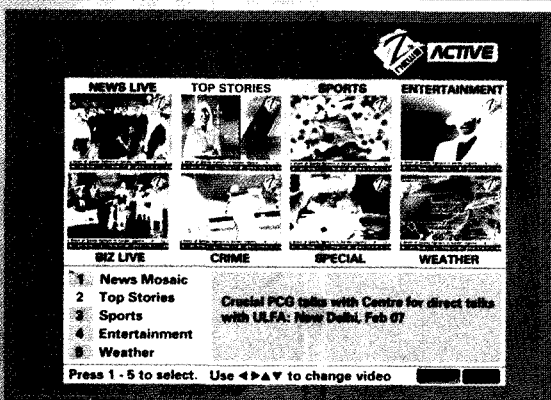
dishtv's Active feature on Zee News gives subscribers an option of choosing from 8 different genres, including Live News, Top Stories, Weather, Sports, Crime, Special, Entertainment and Business, whenever they want.

MOSAIC ACTIVE

Surfing through hundreds of channels is now passé. Subscribers can choose the channel they want to watch, through a mosaic screen showcasing all channels of a single genre. dishtv offers 5 such active services for the most popular categories Cinema Active, Movie Active, Khel Active, Music Active & Kids Active.

GAMING

Now dishtv viewers need not just watch TV but play games on it too. dishtv's 24 x 7 gaming channel Playjam offers 8 exciting games of board, arcade, puzzle & strategy. What's more, 2 new games are added every month.



MOVIE ON DEMAND

Now subscribers can watch Hollywood and Bollywood blockbusters anytime they want, in the comfort of their home. Orders are easy to place, simply through call, sms or web and are authorized within minutes. Subsequently, the subscriber can enjoy the 'demanded' movie for the next 24 hours.

ELECTRONIC PROGRAM GUIDE (EPG)

Now opening the newspaper to check the TV programme schedules is a thing of the past. dishtv's EPG is an easy and friendly display of the program schedule of all channels. It is loaded with amazing features like programme alert, parental lock, channel sorting, creating lists of favourites and so on...

MULTI AUDIO FEED

dishtv offers a unique feature where subscribers can choose from multiple languages on selected channels that is a delight across all age groups. A feature popular with kids, who get to enjoy their favorite cartoons speaking in their tongue.