



DISH TV INDIA LIMITED

1Q FY2008 TELECONFERENCE
JULY 18 2007, 2:00 P.M. INDIA TIME

Moderator: Good morning Ladies and Gentlemen. I am Rita, the moderator, for this conference. Welcome to the Dish TV India Ltd, conference call. For the duration of the presentation all participant lines will be in a listen only mode. I will be standing by for the question and answer session. I would now like to handover the floor to Mr. Atul Das, thank you and over to you sir.

Atul: Thank you. Good afternoon and good morning ladies and gentleman. Thank you for joining us today to discuss the results for the quarter ended June 30, 2007, which is the first quarter for the fiscal year 2008. We do hope that you had a chance to go through the earnings release and the company's result which is uploaded on our website www.dishtvindia.in. To discuss the result and performance we have with us from a conference room in Mumbai, Mr. Subhash Chandra - Chairman of Dish TV, Mr. Jawahar Goel - Managing Director, Mr. Arun Kapoor - CEO and Mr. Rajiv Dalmia, CFO of Dish TV.

We will start with a brief statement on the first quarter performance and then we will open up with the session for questions and answers. I would like to remind everybody that anything we say during this call that refers to our outlook for the future is a forward looking statement that should be taken in the context of the risk that we face. Now I would like to hand over the floor to Mr. Chandra.

Subhash: Thank you Atul and thank you very much ladies and gentlemen for joining us on this conference call. Dish TV finished the 1Q FY2008 with a rise of 35% in standalone revenues to Rs 893 million as compared to 4Q FY2007. This quarter we consolidated our efforts in capturing more market share and we continued being a dominant market leader. The strength arises not just from numbers of subscribers but also through Dish TV's commitment for providing wholesome entertainment. We have added 180,000 subscribers in this quarter and therefore the total subscriber number stands in excess of 2.1 million as of June 30, 2007. We have been the dominant player with a Pan India presence; we have the highest number of channels in the industry today with the total of 170+ channels of which 8 are recently added.

On the expense side, as you know that the major differentiator in customer centric industry is 'service' hence we invested aggressively to improve our customer service system in this quarter. Due to such huge investment we have incurred an operating loss of Rs.488 million in the current quarter which is 24% less as compare to the previous quarter which carried a loss of Rs.642 millions.

Let me now summarize the result of the first quarter. Our total operating revenue stands at Rs.893 million up by 25%, total expenditure has gone up marginally by 6% to Rs.1,381 million as compared to the fourth quarter of the last fiscal. Operating loss has gone down by 24% to Rs.488 million as compared to the fourth quarter last fiscal whereas loss after tax goes down by 10% to Rs.898 million as compared to the fourth quarter of last fiscal. If we look at individual factors of cost, our subscriber related expenses of Rs.987 million have maintained a proportion of 55% of the total expense and coming back to the revenue sides our DTH revenues of Rs.841 million have maintained a strong proportion of 94% of the total revenue.

Apart from this, 1Q FY2008 has also seen tremendous enhancement in infrastructure and services by Dish TV. We have at present, a dealer universe of 30,000 outlets today catering to the consumer across 4,300 towns across India. There are over 10,000 service personnel in the market delivering installations and service support to the Dish TV subscribers. The service organization is also supported by 1,000 call center agents speaking in 10 different languages from 7 different locations. Moreover there are service centers across the country, all in an effort to reach the consumers in the shortest possible time if the need arises.

We look forward from the rest of year with optimism and assure you that we will continue to deliver more value to the viewers and the shareholders. Thank you, now we can open the floor for the question and answer.

Atul: Now we can open the floor to participants for the questions and answer session. But we would request that each participant should limit themselves to two questions, at least initially, so that we can get on as many participants as possible.

Moderator: Thank you very much sir. We will now begin the Q&A interactive session. Participants connected to the India Bridge who wish to ask questions kindly press *1 on your telephone keypad. Participants connected to the International Bridge kindly press 01 to ask questions. Participants are requested to use only handsets while asking a question. Participants are requested to restrict to one or two

questions at the initial round of Q&A. To ask a question kindly press *1 and 01 now. First in line we have Mr. Shirish from Anand Rathi Securities, over to you sir.

Shirish: Well a good afternoon.

Subhash: Good afternoon.

Shirish: I have only, one question, can you throw some light how this ARPUs has moved in last quarter versus this quarter?

Arun: You see the current ARPU of the four promotions looking at the basic price points is Rs. 230. For the full year we are expecting an ARPU of Rs. 209 incremental ARPU being Rs. 230. The ARPU between this quarter and last quarter has been more or less the same, but it has grown by about 22% over last year.

Shirish: When you are talking about ARPU what is your future outlook from 3 quarters from now?

Arun: Yeah as I told you that the current ARPU is Rs. 230, before promotions. For the full year of 2008 we are expecting an average ARPU of Rs. 209.

Shirish: What will be your outlook for next one year? It will move up by what strength then?

Subhash: We have the lowest ARPU market in the world.

Shirish: Right.

Subhash: We are projecting that going forward year on year there would be about 10% to 15% growth in the ARPU in this industry.

Shirish: Okay. I have a, next question, what is the acquisition cost we have timed in this quarter?

Arun: It's average between Rs.1,600 to Rs.1,800 per subscriber.

Shirish: It stands same.

Arun: Yeah.

Shirish: Okay thank you.

Moderator: Thank you very much sir. Next in line we have Ms. Anuja from Nikko. Over to you sir. You can go ahead sir.

Aditya: Yeah just a further follow up on this ARPU. In terms of the calculated ARPU I guess you know we are somewhere near the Rs.140 range. So could you just highlight when you are saying ARPU is at Rs.230, how much of a discount are we giving?

Subhash: No it is not as simple as this. The thing is that we have added subscribers in the initial years when we started our operations. That time we did not have any other content than Zee Bouquet, at that time the subscribers were paying as low as Rs.110 to Rs.115. So those customers are slowly and gradually now changing to the Rs.230 bouquet. So what we are saying is that currently as you might have calculated the average at Rs.140 but the full year ARPU average would reach to Rs.209.

Aditya: So are you saying that these old customers which you had acquired on the previous plans are negotiating with you.

Subhash: Yeah they are getting changed into the new prices.

Aditya: Okay. The second question is in relation to customer acquisition. You have added about 180,000 subscribers this quarter, could you highlight the competitive scenario and what kind of numbers do you see going ahead?

Arun: Yeah, you know unlike in the telecom business there is no published data. Our estimates show that the industry added around 320,000 subscribers during this quarter. And our 180,000 gives us an approximate share of about 57%. So to answer your question about a 57% share in the last one quarter and if you look at the total subscriber base which we believe is about 2.9 million. That gives us a 74% to 75% share of the industry as it stands today.

Aditya: Has there been any slow down in terms of additions of what you expect from the market or the market expects overall?

Arun: You know I would not call it slow down, I would say there had been seasonality. Traditionally, May and June months are very lean; it's vacation time it will defer

the decision to purchase because people go out on holidays at these times. It is also a time when focus of households shift to buying refrigerators and air conditioners. There were also no events in this quarter, last quarter definitely was the World Cup month, we did a 150,000 plus, it was a big flip. But after that World Cup, there was a slow down coupled with seasonality. Now if you look at July for instance, sales are already up over last month by 35%. And these will continue going up as we had into the season. So if you were to really ask me what the future looks like, I would broadly say that July to September quarter should give us anything between 250,000 to 300,000 subscribers and the October to December quarter which is traditionally the highest because of seasonality and festive season should give us anything between 300,000 to 350,000 subscribers.

Aditya: Lastly could you highlight in terms of we have been seeing lot of promotional activities from your competitors as well. What kind of promotional spends would you be incurring this year?

Arun: You know it is a ticklish question, but let me elaborate on that. You know we found over the last two years that this industry is either event lead when you have a World Cup, Football or a Cricket calendar; sales at that time go up. Or it is highly promotional lead, so whenever there is a promotion, it goes up. We started with the World Cup promotion, we had a Kids Summer Bonanza in the month of May, we have currently running a promotion. So actually for the full year we have a fairly robust either promotional calendar or a new product calendar. For me at this stage, to reveal anything, I don't think would be correct.

Aditya: Lastly you know we have been reading media reports about some technical problems with DTH. How true are these?

Arun: Yeah, you are probably talking about some reports in Bombay and Delhi regarding some disruptions in signals during rainfall.

Aditya: Yes during Monsoon, rainfall precisely heavy rains.

Arun: Yeah, this is a feature of the technology that when there is heavy rain there is a bit of a signal loss which happens, but our experience of last year has shown that the total outage in a city like Mumbai which experiences slightly more rainfall than other cities has been a 3 ½ hours of viewing time in the full year. This is even less on account of Delhi. The signal comes back immediately when rainfall comes to a normal level. So 3 ½ hours in a full year, is what a city like

Mumbai is likely to experience. Must keep in mind that you know viewing time, as a percentage of the full day's time is 20%. So to that extent the impact is very limited. And this happens across the world with all DTH platforms.

Anuja: Is there any mitigate for this in terms of technology?

Arun: Now that you asked, if you compare us with competition these is no complete mitigation for it. But you know our signal strength is superior because our satellite has what is called an automatic level control signal. So to some extent it compensates for the loss of signal due to rain, but as of now there is no complete way of eliminating this.

Anuja: Right, thank you.

Moderator: Thank you very much sir. Next in line Mr. Princy Singh from Citigroup, over to you sir.

Princy: Hi this is Princy from Citigroup. Just a maintenance questions, looking at the cost detail there has been a fairly sharp sequential decline in the staff cost and the administrative cost in 1Q FY2008. Any specific reasons for that and how can one look at this trend going forward?

Arun: You know on the staff cost actually we have currently head count and the manpower related costs. They are currently at about 7% of our revenue and 4% of our cost. We have actually added a lot of employees in 1Q FY2008 when we strengthen the organization and went heavily into beefing up our service infrastructure in the sales organization. That has stabilized a bit in the last one quarter or so that could have been perhaps the reason for this.

Princy: And what would be the outlook going forward I would assume that this would not rise as much as your 7 year slot.

Subhash: Hi Princy, normally, the manpower cost is 7% of revenues, going forward for the next couple of years I expect it to stabilized at about 3% which would be the right figure to look at. In terms of variability, the two variable elements where manpower goes up is one, with the increase in business and second with the sales force and the service infrastructure. So on these two we will see growth happening in manpower but overall cost and the percentage would come down and stabilized at the 3% mark.

Princy: Okay thanks a lot.

Moderator: Thank you very much sir. Participants who wish to ask questions kindly press * button on your telephone key button, next in line we have Ms. Jasmina from ING Investment Management over to you ma'am.

Jasmina: Hello good afternoon sir what are your CAPEX plan for this year and next year? And how do you aim to fund that CAPEX plans?

Subhash: We have total plans of about Rs.1,200 Crores to Rs.1,300 Crores in this project.

Jasmina: That will be done in this year itself?

Subhash: No, in the next three years.

Jasmina: In the next three years. And how would the CAPEX will be funded?

Subhash: There will be both debt and Equity.

Jasmina: Okay as of now what is the debt in the books as on June end?

Subhash: 259 Crores.

Jasmina: Okay so balance money which we have planned to invest we will get through equity?

Dalmia: By the end of this year, debt is likely to be Rs 365 Crores.

Jasmina: Okay so balance about 400 Crores we will fund through equity?

Dalmia: Yes partly in this year and partly in the next year.

Jasmina: Okay but this year itself, can we raise the equity?

Dalmia: Yeah, this is likely; we can raise our equity this financial year.

Jasmina: Okay thank you sir.

Moderator: Thank you very much ma'am. Next in line we have Mr. Amit from Motilal Oswal over to you sir.

- Amit:** Good afternoon sir, just want to understand two things. One on the Agrani Satellite is that going forward are there any plans of the management taking it in the books of the company because in the information memorandum you have mentioned that it could be a possibility. And the second question is on the revenue break-ups is there some thing for the placement revenue, when and how do we see this revenue coming in? How do we engage?
- Subhash:** See Amit for the first question in relation to Agrani Satellite amount in the balance sheet I would like to say that we are launching our own satellite for the business of Dish TV next year. So that should take care of this outstanding amount. And the second question, can Dalmia Ji answer.
- Dalmia:** We are charging carriage fees from our content provider. So placement and activation charges are nothing but carriage fees.
- Amit:** Is it similar to cable in the analog that kind or is there any estimate or will it be static?
- Subhash:** No Amit going forward we are going to put this under the head of the programming. See some channels pay us and for maximum channels we pay them. So whatever recovery we do we will credit that to the programming accounts so you will not see that you will see only one head of programming.
- Amnish:** Okay hi Mr. Chandra Amnish here.
- Subhash:** Yes Amnish.
- Amnish:** Yeah once we launch our satellite, will our dependence on the outside satellite and transponders completely be off.
- Subhash:** Yeah it will go away.
- Amnish:** Okay thanks a lot sir.
- Moderator:** Thank you very much sir. Participants who wish to ask questions kindly press * 1 on your telephone keypad. Next is a follow-up question from Ms. Jasmina from ING Investment Management, over to you ma'am.

- Jasmina:** I have one more question relating to your competition, since Reliance and Bharti are planning in a very near term. So do you see that can put some more pressure on ARPUs.
- Subhash:** No, Not on ARPUs
- Jasmina:** It cannot? Why?
- Arun:** Because there is a cost of programming which they have to pay to the programmers or the content providers. So it cannot be like telecom model because in telecom - there is an infrastructure once you have put, there is no running cost.
- Jasmina:** Right.
- Arun:** And India is a lowest ARPU country. If they have to make some money, some decent profit and return on investment they cannot afford to reduce the ARPUs, ARPUs have to go up only.
- Jasmina:** Right but can it increase our acquisition cost which is about Rs.1,600-Rs.1,800 currently.
- Arun:** Yeah I think two things will happen when competition comes in; one will be that there will be an explosion in the subscriber base which will opt for DTH services. And yes there will be some increase in advertising and promotional expenditure. It might go up by about 10% or 15%.
- Jasmina:** So there is again effectively led to some delay in our initial break even glance.
- Arun:** No, no I think that the way we calculate subscriber acquisition cost is we divide the total cost by the acquisition in that months. So we believe that when that happens, acquisition will also go up. So the overall sums spent will probably go up, but as the number of rupees per subscriber acquisition might actually go up by a 100 or so, which is not very significant.
- Jasmina:** Okay so you mean that whatever would be the increase in acquisition cost it will to an extent be compensated by increase in ARPUs over a period.

Arun: Not by ARPU, what we are saying is the increase in expenditure will be accompanied by an increase in the acquisitions of subscribers also, so that will balance out.

Jasmina: So the volume growth will benefit.

Arun: Absolutely, because you see ARPUs will anyway go up, as Mr. Chandra told you, 10% to 15% per annum they will grow up through a combination of organic growth- charging for providing more content, higher end packages being accepted through urbanization, higher quality of subscriber coming in, extra charging for providing various value added services, the movies on demand which are catching on. So you know there are host of things happening which will drive the ARPU up.

Jasmina: Right and there is only last question you mention that you have about Rs.1,200 Crores of total CAPEX plan. As of now whatever number of subscriber we are acquiring, we don't face any capital constraint.

Subhash: No we don't.

Jasmina: Okay thank you sir.

Moderator: Thank you very much ma'am. Next in line we have Mr. Miten Lathia from HDFC Mutual Funds, over to you sir.

Miten: Good afternoon sir.

Subhash: Good afternoon sir.

Miten: The pay channel costs for FY2007 were about 87% of revenues could we get the similar number for 1Q FY2008.

Subhash: No, no we can't give so many breakups,

Atul: Miten, next time onwards we won't be giving details of the programming cost as a separate item, since it's a very competitive information.

Miten: Okay and one more, last thing, if we can have the average subscribers for 4Q FY2007 and 1Q FY2008.

- Subhash:** What do you mean by average subscriber?
- Miten:** Beginning of period and the end of period subscriber, the absolute number is not something that we knowing, as in we do not know the exact number so.
- Atul:** We ended the FY2007 with 1.9 million subscribers
- Miten:** Okay.
- Subhash:** Now we are 2.1 million plus.
- Miten:** Okay sir thank you, thank you very much for this.
- Moderator:** Thank you very much sir. Next is a follow-up question from Ms. Anuja from Nikko over to you madam.
- Aditya:** Yeah this is Aditya again, just on the ARPU question again this Rs.230 you mentioned incremental ARPU, is this the net ARPU or gross ARPU?
- Arun:** Aditya, this is net of license fee and service tax, we have there price points, Rs.128, Rs.210 and Rs.240. If you look at our current breakups under this three packages and you multiply it with these price points you will get and ARPU of about Rs. 230. So in a way this is net of service tax and license fee but this is gross of any promotions that we might do in a particular month. So when giving two months off, to that extent that will come down out of this. But it is net of license fee and service tax.
- Aditya:** The second question I had was in relation to CAS you know we have seen that the part of three cities getting covered by CAS. When do you expect TRAI to actually go ahead and announce further extension of CAS into other areas?
- Arun:** I am answering that question sir. There is a consultation paper already with the government, the government is very seriously looking at extending CAS to cover Delhi, Bombay and Calcutta totally. We are expecting a notification to come out within the next 4 to 6 weeks and implementation by 1Q of next year. There is also a paper which is talking about the next 55 cities, we are hoping that within the next 2 years or so all those 55 cities will get covered under CAS.
- Atul:** For clarification, 1Q relates to calendar year therefore it is expected to be rolled out by January 2008.

Aditya: Third question was when you run these promotions in terms of free subscription for three months or six months is there anyway where you have a back to back arrangement with the pay channels that you don't have to pay for them, those months.

Arun: See when we pay them we don't get any discounts on that. But we, of course try to negotiate with them. Especially with the new guys but to answer your question we end up paying them.

Aditya: Okay thank you.

Moderator: Thank you very much sir. Next in line we have Mr. Zubeir Ali from ESG, over to you sir.

Zubeir: Hi guys one quick question, you mentioned that, I guess the weight and mix of the ARPU was leading to about Rs.230 is that correct in terms of just, three price points is that correct.

Subhash: At this point of time, incremental ARPU is Rs. 230.

Zubeir: Okay so that's Rs. 230 right.

Subhash: Right.

Zubeir: So my question was it sounds like the lot to the mix is more towards the some of the premium packages Rs. 230 price band, right.

Arun: Zubeir what is happening is that for the last 2 or 3 months we have been running promotional where we are actively promoting the top-in package, this is an ARPU increase strategy. So, therefore almost more than 90% of the acquisitions which have been happening over the last couple of months have been under the highest package. Therefore you have an ARPU which is Rs.230, but in the long run it is not sustainable because that decreases the very purpose of having three price points. So going forward, that's why I am saying that this Rs.230 once we start promoting all the three packs heavily it would come down by about Rs.20 or so.

Zubeir: So at the Rs.210 sort of price point.

- Arun:** Absolutely, ongoing basis I would sense that my lowest price point will get me about anything between 12% to 15% of subscribers, the middle price point will get another 15% to 20% and almost 70% to 75% will come on the highest price point.
- Zubeir:** Okay. And that sort of and obviously you can use promotions to sort of value that.
- Arun:** And I think just to elaborate Zubeir you know sometime in December we had three price points we decided to discontinue with something which was Rs.60 or Rs.80 and we rationalize prices and suddenly the ARPU went up. So that's a constant and ever to maximize or rather rationalize ARPU as we go along.
- Zubeir:** Right the next question was in terms of if you just you know calculate the ARPU as some of the people who were talking about on their call you get sort of Rs.140 number is that because of promotions or this also mixing where you have a lot of customers in the Rs.128 not the incremental customers but the current base that you have.
- Subhash:** Zubeir it is a combination of two things. It just also comparable to running a promotion the ARPU takes a hit to that extent that is the one. But the second reason is also that you know, a legacy base. For instance we have got 100,000 subscribers who at one point of time we gave a lifetime subscription to. So and we have subscribers who we have a base of Rs.128 and Rs.100 per subscriber who pull it down in terms of averages. So going forward this is only 10% to 12%, but we have a fairly large base of people who reside on the low end package who pull down the averages a little bit.
- Zubeir:** Okay so how is it going, okay? Okay and in terms of you know if you could talk a little bit about sort of how the revenue share with the broadcaster work on this?
- Jawahar:** This is Jawahar here. Normally we negotiate this at the price of the bouquet and which is sliding down when we ramp up the numbers of subscriber. We do not have any minimum guarantee arrangement with any of the pay broadcaster.
- Zubeir:** Okay well thank you guys.
- Moderator:** Thank you very much sir. Next in line we have Mr. Ritesh from Dolat Capital. Over to you sir.

- Ritesh:** Good afternoon sir, my one question relates to the subscriber related expenses which is given in the earning release. Does that include the pay channel cost?
- Subhash:** Yes it does.
- Ritesh:** Okay. So how many or how much would be pay channel cost then approximately?
- Dalmia:** We cannot say with exact certainty right now but it is a combination of pay channel cost, sales and distribution cost, promotions cost and all other cost related to subscriber.
- Ritesh:** Okay. And one important bifurcation we were in CAS and DTH is like CAS has a provision to get a channel on a-la-Carte basis but in DTH it is a package basis. So do you think that government would force a DTH player also to go in that way?
- Subhash:** You know as of now no indications that the regulator will do this so to answer your question even the bouquets pricing that we have done is consumer friendly because of market forces so the regulator will not like to get into it at this point.
- Ritesh:** Okay thank you very much sir.
- Moderator:** Thank you very much sir. Next in line we have Mr. Vinayak from Lotus India Mutual Fund. Over to you sir.
- Vinayak:** Yeah, sir good afternoon. And saying that latest annual report of Dish TV we have this subsidiary Agrani Satellite Services in which we have invested 95 Crores approximately. So can you throw some light on what this company does?
- Subhash:** Yeah these are all preoperative expenses for obtaining a license spectrum from the government and various expenses which have gone into it. The satellite is getting launched next year.
- Vinayak:** Okay.
- Subhash:** Once it is launched then we would not be using the third party satellite.
- Vinayak:** So basically we will be then started as we can be start using our own captive satellites and then also offer these services to other?

Subhash: We may as long as it is not competitive.

Vinayak: Okay but basically this year we will utilize the entire capacity.

Subhash: Yes.

Vinayak: Okay. Thank you.

Moderator: Thank you very much sir. Next in line we have Mr. Ritesh from Dolat Capitals.

Ritesh: Sir on this Agrani Satellite how much transponder facility would be there?

Subhash: 14.

Ritesh: 14.

Subhash: 14 yeah.

Ritesh: One four.

Subhash: Yes.

Ritesh: Yeah, thank you.

Moderator: Thank you very much sir. Participants who wish to ask questions kindly press (*) 1 on your telephone keypad. Next is a follow up question for Mr. Shirish from Anand Rathi Securities, over to you sir.

Shirish: My question is to Mr. Arun I have raised the concern when we had this launch of DTH. There is the cannibalization which is expected from CAS to Dish TV. What is your experience in last one quarter of how many such people have moved up? How many new subscribers we have got as first time users for Dish TV?

Arun: Shirish I am talking about Delhi, Calcutta, and Mumbai; it has been about 6 months since CAS got implemented. Now in the CAS notified areas I am talking about only the CAS notified areas about 50% of the people have gone digital, which means they have either taken digital cable or they have gone with the DTH platform. Out of this about 20% have actually preferred DTH. So what we are saying is whenever CAS implementation happens there is the almost about 20 - 25% swing away which happens from Cable to DTH well that is the

opportunity we are all looking forward to and therefore we are eagerly awaiting extension of CAS across the country.

Shirish: But would you also confirm that there are some people who are moving away from CAS to DTH.

Arun: Well see we do not have any data points on whether people have gone away from CAS to DTH, you know but what I can say is that when analog turns digital 20-25% of the people who go digital go through the DTH way that much I can confirm to you as we have data points. But whether somebody has actually taken CAS and then chosen to go DTH we do not know but it is an interesting point.

Shirish: Okay my last question this 3 metros, Bombay, Delhi and Calcutta out of 2.1 million subscriber how many subscribers we will have in this 3 metros or broadly feel this can add up to Chennai also 4 metros?

Arun: What I am going to do is I am going to give you a broad range for this reasons. You can assume that we have 175,000 to 225,000 subscribers in these 4 cities put together.

Shirish: 2.25 lakhs.

Arun: Yes, of 175,000 to 225,000 subscribers are there in these 4 cities of course I know the exact figure but you will assume that this are the range of subscribers in this 4 cities subscriber.

Shirish: So would you intend to say that we have a large base which is also coming from Teir-2 cities?

Arun: Shirish if you look at our background we have been in business for two years. Till about 9 or 10 months back there was not aggregation of content. We did not have some of the leading content packages. As a result of which we focused a lot in these smaller cities. The result is today that we have subscribers in almost 4,300 towns and we actually have a very healthy spread across all states both in terms of legacy base and in terms of new additions. Now coming to a few data points if you look at the way over the last 5 or 6 months subscribers have been coming in, about 20% of our new subscribers are coming from the top 15 cities, about 33% from the top 50 cities, and about 60% are coming from the top 100 cities. So you can see that 40% of my new additions are coming

from towns which go beyond the top 100 and this is where our strength as an organization lies.

Shirish: Okay thank you.

Moderator: Thank you very much sir. Participants who wish to ask questions kindly press *1 on your telephone keypad, next in line we have Mr. Vinayak from Lotus India Mutual Fund, over to you sir.

Vinayak: Yeah hi sir. Sir just a follow up on the question which was just asked. We have added about 180,000 subs in this recent quarter. Can you give us just a broad breakup between metros and non-metros for these incremental subs addition?

Arun: Vinayak I will need to do a calculation, but what you can assume, that about 20% is coming from the top 15 cities and about 33% or whereabouts is coming from the top 50 cities. You know to me the top 4 metros have importance from the CAS perspective, but beyond that the way my business has structured, for me the top 50 cities are important, it does not matter which city it is.

Vinayak: Okay so basically it is not just driven by the metros but driven by the entire on pan India basis.

Arun: You see, like increasingly we know as an organization, as a matter of fact, whether you get a high quality subscriber in the bigger cities. But we cannot differentiate whether a Mumbai based subscriber will be a high end or a subscriber from Luknow or Chandigarh.

Vinayak: Okay

Arun: But as long as we understand that the top 50 cities in our move towards urbanization will yield high ARPU, good quality, stickiness factor kind of subscribers we would focus on that many cities.

Vinayak: Okay and my last question relates to the distribution reach. How many distribution outlet or distributors you would be having on a pan India basis?

Arun: Like as I told you that we are there in 4,300 towns. We have about 30,000 retail outlets, which we are increasing between 3,500 to 4,000 every month. And we have about 400 distributors across the country.

Vinayak: Okay thank you sir.

Moderator: Thank you very much sir. Next in line we have Mr. Amit Mehta from ICICI Prudential, over to you sir.

Amit: Yes, hi sir this is Amit from ICICI Prudential. Just wanted to understand the main components of your other expenses?

Arun: Other expenses include insurance, retail expenses and other administrative expense.

Amit: Sir what about licenses.

Arun: The licenses are under different head, it is subscriber related expenses.

Amit: Okay. and transponder cost.

Arun: That is also under operating cost, we have Rs.76 Crore of operating cost, and transponder cost is included in the operating cost.

Amit: Okay in terms of your DTH revenue, how much it would be carriage free and how much would be rental? Also, in terms of the 3,990 plan that you have, could you broadly explain if any of this amount is accounted as revenue, you know broadly want to know if that 3,990 is, how is it accounted?

Subhash: Amit at a very broad level, this will have 3 components. You know our price including content cost comes to Rs 3,990. So this includes cost of box, cost of content and dealer margins.

Amit: Okay, okay.

Subhash: I think we can't give more details my dear, given the competitive nature of industry.

Amit: Okay sir, just one final question. You plan to raise equity this year and next year, would it be through private placement or through public issue,

Subhash: We have not decided yet. We will decide as we go along. And meanwhile work is going on.

- Amit:** Sure, thank you so much sir.
- Moderator:** Thank you very much sir. Next in line we have Mr. Vikas from ICICI Securities, over to you sir.
- Vikas:** Good afternoon sir, I just wanted to know if you have seen any churn in our subscriber base for DTH.
- Subhash:** Churn is always there, it's going to be there. If there is no churn then this business would throw cash like anything.
- Vikas:** So in the sense of how many of them who had actually gone for us and then left our services, percentage basically.
- Arun:** No, no it is not calculated this way, there is always a churn if somebody does not pay us in 15 days when it is overdue we switch them off, they come back after one month. So churn is always 17%-18% in a year, but they keep coming back.
- Vikas:** Okay, okay thank you sir.
- Moderator:** Thank you very much sir. Next in line we have Mr. Lathia from HDFC Mutual Fund, over to you sir.
- Miten:** Sir one follow up question, depreciation per subscriber would be about Rs. 660 per annum is that a good number or that is what it is turning out to be or is that not the right way of looking at it.
- Subhash:** No I do not think that's the right way to look at.
- Atul:** The depreciation you can just look at the principle component of the CAPEX of the set top box as you know we capitalize the setup box because we rent it out for the customer and not sell it. So therefore the depreciation figure looks to that extent a slightly higher.
- Miten:** So there would be non-set top box related depreciation in this Rs.33 Crore number which is there.
- Atul:** Of course
- Miten:** Okay, thank you.

Moderator: Thank you very much sir. Participants who wish to ask questions kindly press * 1 on your telephone keypad. At this moment there are no further questions from participants, I would like to handover the flow back to Mr. Atul Das for the final remarks, over to you sir.

Atul: Thank you everybody for joining us today. We hope to have the transcript of the call uploaded very soon on our website www.dishtvindia.in. And we look forward to speaking to you again at the end of the second quarter of FY2008 or even earlier on one-to-one basis. Thanks and have a great day.

Moderator: Ladies and gentlemen thank you for choosing WebEx Conferencing Service. That concludes this conference call. Thank you for your participation. You may now disconnect your lines. Thank you and have a nice day.
