

Dish TV India Limited
Second Quarter Ended September 30, 2008, Conference Call- Fiscal Year 2009
October 24, 2008

- Moderator: Good evening Ladies and Gentlemen. I am Manjula, the moderator for this conference. Welcome to the Dish TV Limited Conference Call. For the duration of the presentation, all participants' lines will be in the listen-only mode. After the presentation, the question and answer session will be conducted for participants connected to International Bridge. After that, the question and answer session will be conducted for participants in India. I would like to hand over to Mr. Harsh. Thank you and over to you sir.
- Mr. Harsh Chhabra: Thank you. Ladies and Gentlemen, thank you for joining us today to discuss the results of the second quarter-ended September 30, 2008 of fiscal year 2009 for Dish TV India Limited. We do hope that you had a chance to go through copies of the earnings release and the results both of which are uploaded on our website www.dishtvindia.in. This is the second earnings call we are conducting for the fiscal year 2009 and to discuss the results and the performance, joining me today are members of the senior management team of Dish TV including Mr. Jawahar Goel, Managing Director; Mr. Vinay Agarwal, CEO; and Mr. Rajeev Dalmia, CFO. We will start with a brief statement from Mr. Jawahar Goel on the second quarter performance, and we will then open the discussion for question and answers. I would like to remind everyone that anything we say during this call that refers to our outlook for the future is a forward-looking statement that must be taken in the context of the risks that we face. With this, I now request Mr. Goel to address the audience.
- Mr. Jawahar Goel: Thank you Harsh. Dish TV finished the Second quarter with a rise of 130% in the standalone revenue to Rs. 1733 million as compared to the quarter two of FY08. This quarter we consolidated our efforts in capturing more market share and we continued being a market leader. The strength arises not just from number of subscribers but also through Dish TV's commitment for providing wholesome entertainment. We have launched Hattrick Offer for South & Happy Home Pack. We have added 529,000 subscribers in this quarter and therefore the total number of subscribers stands in excess of 3.94 million as of September 30, 2008. We have been the dominant player with a pan-India presence. We have the highest number of channels in the industry with total of 225 channels. We continue to invest in Brand Building and Service infrastructure. Due to such huge investment, we have incurred an operating loss of Rs. 874 million in the current quarter which includes provision of mark to market Forex loss of Rs 19 crores. Going forward, the company will continue to focus on subscriber growth and revenue growth by improving, enhancing the content and including usage of value added services & A-la-Carte packs.

Apart from this, Second quarter 2009 has also seen tremendous enhancement in infrastructure and services by Dish TV. We have at present a dealer universe of 45,000 outlets catering to the customers across 6500 towns in India. There are over 10,000 service personnel in the market delivering installations and service support to the Dish TV subscribers. The service organizations are also supported by 1000 call center agents speaking 11 different languages from 7 different locations. Moreover, there are service centers across the country, all in an effort to reach the customer in the shortest possible time if the need arises.

We are confident that with the coming of the newer competition, Dish TV is all prepared to optimize the opportunity that lies ahead and take the majority share of the emerging markets.

We look forward from the next year with optimism and assure you that we will continue to deliver more value to the various stakeholders and our viewers.

With this, I would now like to hand over to Harsh for opening the floor for questions and answers.

Mr. Harsh Chhabra:

Ladies and Gentlemen, we are now ready for your questions and answers. I would request all participants to please limit themselves to two questions so that we can get as many possible questions in.

Moderator:

Thank you very much sir. First in line we have Mr. Ruchit from HSBC. Please go ahead.

Mr. Ruchit Mehta:

Hi, good afternoon. I had two questions. Firstly, if I look at your revenue growth in the quarter, it is quite slow compared to quarter-on-quarter basis compared to the number of subscribers that you added. If you could just explain on that and secondly in terms of the funding, you know, what is the plan now, because considering the right issue price is, it is way above the current market price, what do you guys think? What is the backup plan in case that does not go through?

Mr. Jawahar Goel:

Regarding the funding plan you see the right issue is on and we will take appropriate decision in due time. The promoters are fully behind the rights issue and they will continue to support the funding plan.

Mr. Ruchit Mehta:

Okay, in case there is a short fall in subscription from the public or the institutional shareholder, they will actually come in and step-up and subscribe to the issue.

Mr. Jawahar Goel:

Now, we had not made arrangements for underwriting.

Mr. Ruchit Mehta: Okay and just on the revenue part, if you could explain as to why it is slow compared to the number of subscribers with regarding the last couple of quarters.

Mr. Jawahar Goel: Through the last quarter is 5% on QoQ basis and around 130% on YoY basis. In future A-la-Carte packages will help in growth of Revenue.

Mr. Ruchit Mehta: Sir, if the customer coming at lower price point, let us say 100 rupees versus the full package cost of your 325 rupees, where is the possibility higher, I mean in percentage terms if not in rupee terms.

Mr. Jawahar Goel: Actually, it is not that the 325 rupees package is available for 100 rupees.

Mr. Ruchit Mehta: No, I mean a customer who comes at say 100 rupees or a customer who comes at 325 rupees, when it is actually the profitability better. Well, if you ask me that the profitability in all the package is comparable to each other.

Mr. Jawahar Goel: You see the first subscriber profitability in a 100 rupees pack and/or 300 rupees pack is almost comparable and contribution level are ok in both the cases due to content cost difference. If we calculate the ARPU and the gross margin, the 100 rupees pack will have more growth margin than the minimal.

Mr. Ruchit Mehta: Sure. Can you let us know what is the total debt on the books of the company?

Mr. Rajeev Dalmia: The total debt is 340 crores.

Mr. Ruchit Mehta: Okay and short-term loans?

Mr. Rajeev Dalmia: It is around 350 from the Associates.

Mr. Ruchit Mehta: Okay. Thank you so much.

Mr. Jawahar Goel: Thank you.

Moderator: Thank you very much sir. Next in line we have Mr. Shubham from Macquarie. Please go ahead.

Mr. Shubham Majumder: Hello. Thanks for the opportunity to be on the call. I had three questions. One could we discuss why ARPUs went down to 157 rupees in this quarter compared to 171 in the last quarter and 159 in the March quarter. We are clearly seeing a fairly big downside in terms of ARPUs in this quarter results. What are the trends going forward and what are we taking to correct this.

Mr. Jawahar Goel: Shubham, you know that we had launched the Hattrick pack and Happy-Home pack for acquiring the subscriber at the lower base and then sell them the A-la-Carte (pizza topping) kind of packaging. The revenues from them are being built up.

Everyday, we are selling 8,000 such packs, so you can imagine that if we continue to do that in the same pace or more, then how much revenue will be built in the near term and the long term, but the rule of the game had changed. We were acquiring the subscriber at the highest pack and in turn paying the highest content cost and the related taxes, so we are now acquiring subscriber at the lower pack and allowing them to make their own packaging and pay accordingly. The add-on packs which are more revenue generating and profitable

Mr. Shubham Majumder: Plain vanilla packages.

Mr. Jawahar Goel: Yeah.

Mr. Shubham Majumder: Okay, Jawahar ji, how much do you think would be the add-on, the pizza toppings add up to over and above the basic package price over a 6-12 month timeframe.

Mr. Jawahar Goel: Well, it is too early to make an assessment. We have been keeping a close watch on how many add-on packs are being sold on daily basis or monthly basis, but to the estimate which finance people and marketing has done, it will be 25-50 rupees per subscriber and which will give us higher growth margins than we used to get on the highest pack like Maxi pack and from next quarter.

Mr. Shubham Majumder: Okay, and the second question really is you know, we are seeing a very sharp increase of over 25 crores on a quarter-on-quarter basis in administration, sales and distribution, and personal expense which are really the fixed cost expenses, in this quarter which is sharpest jump or delta that you have seen in these cost lines? Why is that the case and secondly what is the trend likely to be going forward. Are you not seeing any kind of savings potential on these discretionary spend elements?

Mr. Rajeev Dalmia: Administration cost also includes Forex losses to the extent of around 19.5 crores which is a major chunk and because we sold this quarter 529,000, we had to pay more sales and distribution expenses. These are the two main factors which have contributed around 23 crores more than the previous quarter. First, on account of higher sale and second on account of Forex losses (Mark-to-market losses).

Mr. Shubham Majumder: Rajeev, can you just give us some details on this FOREX loss, what it is its emanating form, you know, which line item from the balance sheet this is coming from and what is the accounting policy with regard to mark-to-market provisioning?

Mr. Rajeev Dalmia: We had some dollar denominated loans for import of set-top boxes and other equipment for consumer premises equipment. We had to open LC and LC remained unpaid for say 90 days. As for the accounting standard 11, we have to book mark-to-market loss every quarter whenever the books are closed from

the date LC was opened and the date prevailing as on the date of say closing of the quarter, which is 30th September. Going forward, we will try to hedge the LC or the dollar denominated loan. Actually, we will not incur such losses in real term.

Mr. Shubham Majumder: Sure. I understand and when you go in for the hedging it would be very useful to have some broad views of yours on the rupee, dollar movement?

Mr. Rajeev Dalmia: It is very difficult to provide any kind of view today because US economy is moving in a totally different direction, but all the major currencies except Yen and Thai Bhat is moving above it what it should be. This is primarily due to shortage of dollar and secondly because all the metal and oil is helping dollar to strengthen, and we feel that if this continues for another three months, rupee may touch 52 or 53. This is my personal view, because this is nothing based on the fundamentals of either of economy in US or India, but it is primarily on account of shortage of dollar at the banking level and secondly because of the huge debts and almost 50% drop in all the metals and oil prices. US propensity to come back in normalcy and prosper is much more than any other country because they import almost 75% of these items to manufactures and to re-export. So going forward, we will hedge to the best possible extent based on the advice received by the bankers and let us see how it happens.

Mr. Shubham Majumder: Sir, there is a huge concern that the stock prices down to 14-15 rupees, and the rights issues is priced at 22 rupees and what has happened to the TATA Steel and other rights issue. TATA Motors and Hindalco rights issues, clearly there is a huge risk that issue will bomb on a flake. What is the game plan and given that and the 10 to 11 billion rupees is the amount in question, and it is a very very large amount in this current market.

Mr. Rajeev Dalmia: We have gone ahead with filing of LOO and cannot go back now. We will not ask for the full amount in one go but on a call to call basis as advised by the LM.

Mr. Shubham Majumder: Okay. So what you are essentially saying is that there is zero, you know, participation from financial investors in the 550 crores call that is now coming up. Will the promoters be able to take care of the entire issue.

Mr. Rajeev Dalmia: Promoters are already holding 58% and gap is say 30% so they will be able to subscribe the same.

Mr. Shubham Majumder: Okay, and finally the debt numbers as of 30th September, and if any debt for whatsoever rupee or foreign is coming for refinancing maturity and more color on the debt side.

Mr. Rajeev Dalmia: No. Today total debt is 7.5 billion rupees. Almost half is provided by the promoter and the other half is from the banking side. As per our scheme of means of finance we can raise another 100 crores whenever we require, and we hope

that in the next quarter we will be raising say another 100 crores.

Mr. Shubham Majumder: So this new loans of 100 crores which are essentially working capital loans, or long term loans and what are the financing rates on this?

Mr. Rajeev Dalmia: We are trying for 3 to 5 years loans. As far as dollar loans is concerned it is LIBOR plus 115 basis point, and rupee loan we have received 12.75, and we have said that the same should continue, may be 50 basis points this way that way.

Mr. Shubham Majumder: Thank you all very much.

Moderator: Thank you very much sir. Next in line, we have Mr. Abhneesh Roy from Edelweiss. Please go ahead.

Mr. Abhneesh Roy: Sir, wanted to get a sense on the value added services. We offer movies on demand, so what percentage of our subscribers are actually using it actually paying for it and getting those movie so could you give us a sense on that?

Mr. Jawahar Goel: The consumption of movie on demand is less than 2%. It is a very nascent stage of this concept which we have been trying and there is improvement over the period and it keeps on adding, but I think with the more player and doing the same kind of a concept, the consumption will go high, which is about 2%.

Mr. Abhneesh Roy: And what is the figure in the mature market, this 2% is how much sir?

Mr. Jawahar Goel: I was talking to one American company, and they have 14 million subscribers and they say that the movies on demand consumption is 300 million sessions per month. So, this means that an average subscriber is consuming 15 more sessions per month. So, this is in the mature market. India is a nascent market and also the piracy of the movies and the related loss and the DVD market and CD market is very, very low in India. So, it will take some more time to build up that kind of consumptions.

Mr. Abhneesh Roy: Coming to the other services like ICICI ACTIVE and tie-up with Shaadi.com, are these just giving better features to the users or are these really being planned as future revenue drivers.

Mr. Jawahar Goel: Actually this is the new concept when it is introduced; first we introduced it for as a feature and when the consumption goes up and we start building up the pricing. Or, attach this thing to particular number. These type of subscriber who is a high revenue spender or something like that. So, we use that as a carrot to get more revenues in whatever way. There is no cost to these features, like we have done ICICI, and we had done like yesterday we done Darshan Bhakti. So, these are the

added features to differentiate our products with other service provider, may be in cable domain or in the DTH domain.

Mr. Abhneesh Roy: And sir coming to Colors, in Bombay, it is being currently being offered free, but there is a plan that next month every user has to pay Rs. 15 if he wants the channel; so are we doing this kind of an experience for the first time and if you have done it before, what kind of conversion have you seen really.

Mr. Jawahar Goel: Actually, we cannot discuss the legal agreements with channels because there is a confidentiality agreement that is involved, but definitely, you must see on the, if you are a subscriber to Dish TV, we are encrypting this channel from first of November, and these are the processes to increase our ARPU and gross margins, so we will continue to do, and as we wrap up more number of subscribers, we collect carriage fee as in the last conference call we had discussed. This financial year, we had got 65 crores as carriage fee; next year about 100 crores, and for the next to next 150 crores, which we are very hopeful to achieve much more than that.

Mr. Abhneesh Roy: Correct sir, and, my last question is on the number of channels being offered. Even Big TV claim that they are the largest in terms of channels, so wanted to get a sense on that.

Mr. Jawahar Goel: Same consumer offering, anybody claims that he is the first in technology or first in DTH and has highest number; these things are the consumer communication which we don't want to comment. But, those who are DD direct platform and DishTV platform all put together, we are offering 225 Channels, which includes the radio channels and the active services.

Mr. Abhneesh Roy: Okay sir, thanks a lot.

Mr. Jawahar Goel: Thank you.

Moderator: Thank you very much sir. Next in line we have Mr. Sadanand from Kotak. Please go ahead.

Mr. Sadanand: What kind of customer addition per month you expect to have in Q3.

Mr. Jawahar Goel: Well, it is a forward looking statement Sadanand. I would say that last financial year we had added 1 million subscribers. And this year in the first two quarters, we had added over 900,000 subscribers, and the going rate in the current month average is 11,500; so we will cross 300,000 and more.

Mr. Sadanand: Thank you very much sir.

Mr. Jawahar Goel: Thank you Mr. Sadanand.

Moderator: Thank you very much sir. Next in line, we have Mr. Vikas from ICICI. Please go ahead.

Mr. Vikas: Sir, on the Forex loss, will we continue to have it in the next quarter as well, because we would have to do quarterly provision.

Mr. Rajeev Dalmia: Yeah. To the extent, we will not hedge; it will continue to appear, but we are trying to find some hedging mechanism with the minimum cost. So, may be, it will be there, but the magnitude will reduce.

Mr. Vikas: But sir, we must have done it at, lets say, when we booked it in September quarter, we would have done it at Rs. 47.

Mr. Rajeev Dalmia: Yeah.

Mr. Vikas: Now if we were to do it at Rs. 50, we would have incurred a doubly the cost already now.

Mr. Rajeev Dalmia: No, that is a decision, which management will take and we should not worry on that account; may be tomorrow it is 50, tomorrow it can be 45 also, who knows.

Mr. Vikas: Yeah, but we are talking about the current situation always.

Mr. Rajeev Dalmia: No, in current situation, we have taken the best guard, which we could take as far as Forex liability is concerned.

Mr. Vikas: Sir that is fairly acceptable, but I just wanted to know the quantum of loss as of today.

Mr. Rajeev Dalmia: Quantum this quarter was 19.5 crores, and if this trend continues, I think with hedging next quarter may be 5-6 crores only.

Mr. Vikas: Okay, and in terms of your capital cost that goes up because of the depreciation of rupee, what would be that amount, sir, quantum; because of buying setup boxes at the depreciated rupee now.

Mr. Rajeev Dalmia: This quarter, it was around Rs. 2500 total. And, it will move in the same proportion if the rupee moves from say 41 to 49, the way it has moved.

Mr. Vikas: Okay, fair enough.

Mr. Jawahar Goel: And, as a strategy, we may discuss here, which should be taken as, we intend to increase the consumer offer at, pass on the dollar pricing to the consumer from 1st of November.

Mr. Vikas: Okay sir.

Moderator: Thank you very much sir. Next in line we have Mr. Amit from Kotak. Please go ahead.

Mr. Amit: Sir, I just wanted to know what are the bandwidth charges for this particular quarter.

Mr. Rajeev Dalmia: You mean the satellite hiring charges?

Mr. Amit: No sir, I mean the carriage fee that you charge from broadcasters.

Mr. Jawahar Goel: This quarter it is 8.5 crores. And the total budget is 50 crores for this year.

Mr. Amit: Fine sir.

Mr. Jawahar Goel: Thank you.

Moderator: Thank you very much sir. Next in line we have Speaker from Capital Market. Please go ahead.

Speaker from Capital Market: Good afternoon sir. Sir last quarter's conference call, the management had said that the subscriber addition will be 1.8 to 2 million. Are you sticking to that or you wouldn't like to comment on that?

Mr. Jawahar Goel: I think yes.

Speaker from Capital Market: Yeah, you earlier said.

Mr. Jawahar Goel: Two quarters we are about 925. We should close over 300,000 in this month. We will keep our pace as per the budget.

Speaker from Capital Market: Sir, what was the content cost of the quarter?

Mr. Jawahar Goel: The content cost is a tricky issue, and which is slightly revealing to the competition, so we will like to hold this.

Speaker from Capital Market: Because last quarter you had said that second quarter it would be about 50% of the revenues, and going forward it would be 45%.

Mr. Jawahar Goel: But, if we had said so, so we are well within that reach.

Speaker from Capital Market: Okay, and sir you are sticking to the Capex of 1600 crores.

Mr. Rajeev Dalmia: Yeah.

Speaker from Capital Market: Yeah, and the customer acquisition cost is still to 3000 rupees.

Mr. Jawahar Goel: Actually, we are about Rs. 2600, taking into account the dollar appreciation.

Speaker from Capital Market: Appreciation, okay.

Mr. Jawahar Goel: Which we intend to pass on to the subscriber from the next month.

Speaker from Capital Market: Okay, so we should stay at 2600 or we will go up to 3000.

Mr. Jawahar Goel: This is the budget and business plan is worked out on the similar numbers.

Speaker from Capital Market: Okay sir. Thank you.

Moderator: Thank you very much sir. Next in line, we have Mr. Venugopal from Credit Suisse. Please go ahead.

Mr. Venugopal: Thanks for taking question. Just wanted to check on the licensee fee part you have mentioned in your release that once it goes down from 10 to 6%, there would be an impact on financials. Wanted to check whether it is already reflecting in this quarter or what is the approval comes, you will be doing the retrospective to that end.

Mr. Rajeev Dalmia: Mr. Venugopal, cabinet note which has been circulated will be effective from 1st April, 2008, for the current year license fee. So, whether they clear it in the next month or so, it is not reflecting in this quarter number. It will not go beyond this financial year.

Mr. Venugopal: Okay, thanks a lot.

Mr. Rajeev Dalmia: Thank you.

Moderator: Thank you very much sir. Next in line we have Mr. Anupam from Reliance Mutual Funds. Please go ahead.

Mr. Anupam: Sir, congratulation on good performance. Sir, wanted to have some update on your new satellite program.

Mr. Jawahar Goel: Well, we will like to hold this information; we will make announcement as we start using it.

Mr. Anupam: I am presuming that right now you are providing for license fee at 10% rate.

Mr. Rajeev Dalmia: Yeah.

Mr. Anupam: Okay. So, whenever it happens, you will revise the whole quarter numbers.

Mr. Jawahar Goel: That is right.

Mr. Anupam: Thank you sir.

Male Speaker: Thank you Anupamji.

Moderator: Thank you very much sir. Next, we have a followup question from Mr. Shubham of Macquarie. Please go ahead.

Mr. Shubham Majumder: Yeah, hello. I just have two questions. If you could just give us the numbers for Forex mark-to-market losses for the last 4 quarters.

Mr. Rajeev Dalmia: In the last 6 months, it is given as 23.5 crores, so we had 4 crores last quarter and 19 crores this quarter, and before that it used to be gain, not loss.

Mr. Shubham Majumder: Before that as in for fiscal year 2008, it continued to be a gain.

Mr. Rajeev Dalmia: Yeah, it was a minimum gain, but it used to be gain because rupee was appreciating.

Mr. Shubham Majumder: Correct.

Mr. Rajeev Dalmia: It has started only since the April, I would say, we have started losing on this account. The first quarter it was 4 crores, and this quarter it is 19.5 crores.

Mr. Shubham Majumder: If you look at the rupee depreciation against the dollar, it has been about 9.3% this quarter, and last quarter was about 7 to 7-1/2 if I am not wrong.

Mr. Rajeev Dalmia: Yeah.

Mr. Shubham Majumder: Why is there such a mass difference in terms of Forex losses between last quarter and this quarter?

Mr. Rajeev Dalmia: We used to impact with Rupee earlier and never it was so high. This quarter was purely out of Forex loan.

Mr. Shubham Majumder: I see.

Mr. Rajeev Dalmia: That was to plan for the festive season in the month of October and November.

Mr. Jawahar Goel: Shubham, I believe that during the festive season and when you launch a new scheme, which you expect that is going to do, which has already done, and which we have seen the result, so we have to plan our manufacturing and shipment and receiving at our warehouses; so this is a part of the continuous exercise year on year basis.

Mr. Shubham Majumder: Sure, and the second thing I wanted to know was if there is any kind of, you know, reduction in the cost of setup boxes or consumer equipment, that you had been able to effect with your vendor over the last 3 months.

Mr. Jawahar Goel: Normally, we enter into the new agreement, new pricing in the new year, new calendar year; so, anything we will achieve will be from 1st of January.

Mr. Shubham Majumder: Okay, okay. And, other question I had was to your response to Venugopal's question. You said that the 10% to 6% change will happen. Is there a timeframe you have in mind for this to happen, and you said it will not move beyond the fiscal year. You mean to say that the approval you are confident will come through before March 2009.

Mr. Jawahar Goel: I understand your concern. But that DTH operator association is also working hard on this aspect, but unfortunately, our minister of information broadcasting fell sick two weeks back, but the DTH operator association is meeting next week after Diwali, and we will take up the issue seriously with the officiating minister.

Mr. Shubham Majumder: But you now have a new minister in place.

Mr. Jawahar Goel: It is only that he is only conducting the business to the extent of parliament questions, but I think the Government will take some permanent decisions.

Mr. Shubham Majumder: Okay, and would you be passing on the savings to the customers in entirety or would it be a margin increase for your business in the last.

Mr. Jawahar Goel: No, we are not charging passing on these costs to the consumer. So there is no question of passing on the saving from that. It will be our reduction of our cost.

Mr. Shubham Majumder: Okay. And if you could just want to give us some color in terms of what is the sort of increase in content cost that you are actually, you know, seeing because of the new channels that you are having to start on.

Mr. Jawahar Goel: We had not added any pay channel for which there is any outgoing we have to share any revenue with the broadcaster in last 6 months. And there is no such channels and when we have a 4 million plus subscriber base, we are very cautious that how much we have to pay if we have to pay to the broadcaster. We are very choosy and there is no increase in content cost. The content cost is happening in the respect of the increase in subscriber number. But in percentage term, it is coming down.

Mr. Shubham Majumder: And finally, one more question I have is, the spread in the revenues has fallen from 61 million to 12 million rupees. Is this related to a significant increase in the subsidy of the CP or how do you read that.

Mr. Rajeev Dalmia: Which revenue?

Mr. Shubham Majumder: Trading revenue.

Mr. Rajeev Dalmia: No, it has nothing to do with the subsidy. There were some states, which we were not allowing us to sell our boxes on right to use basis, so that is why we had to resort to sell boxes on sale basis; but now, all these states have changed their law including Uttar Pradesh; so that is why there is dip in the volume or dip in the trading amount; otherwise, it is nothing.

Mr. Shubham Majumder: Sorry saying that it will jump up sharply again next quarter.

Mr. Rajeev Dalmia: It is not required because they had implemented the VAT, and now the right to sale and right to use and the direct sale has

got the same VAT implication and no impact from now onwards.

Mr. Shubham Majumder: And are you seeing any pressure because of the launch of Big TV and Airtel digital TV in the north and western Indian markets.

Mr. Jawahar Goel: I think, Shubham, if you take my statement that we are increasing the customer offer by 270 rupees as a toll or surcharge, so you can understand that we are taking the steps well in a controlled steps, and the Big TV and Reliance have opened up the market. This month of October, we may have a conversion of somewhere near 800-900,000 subscribers opting for this category of product.

Mr. Shubham Majumder: Just sorry to ask so many questions, but just if you could repeat the monthly, sorry but daily addition run rate of new subscribers, which you mentioned earlier on the call, failed to pick that up.

Mr. Jawahar Goel: Shubham, as of yesterday, the average was 11,600 average, including Sunday and holidays.

Mr. Shubham Majumder: Okay. Thank you and all the best.

Moderator: Thank you very much sir. I repeat again, participants who wish to ask questions may kindly press *1 on your telephone keypad. Next we have a followup question from Mr. Ruchit of HSBC. Please go ahead.

Mr. Ruchit Mehta: Yes, sir. This will be license fee, in which of the, expenditure is it accounted for.

Mr. Rajeev Dalmia: Yes, Broadcasting Expenses.

Mr. Ruchit Mehta: Broadcasting Expenses. Okay, and is it calculated as the percentage of total revenues or how does it get calculated, I mean.

Mr. Rajeev Dalmia: It is calculated on the basis of adjusted gross revenue, which is the definition given by the ministry, which includes rental revenue and subscription revenue.

Mr. Ruchit Mehta: Okay. So, if for example a customer is paying say Rs. 325 for the Maxi Pack, this 325 plus say the boxes is about Rs. 2000; so Rs. 400 for that. So, effectively you are charging him 365 to 400, on that you pay 10%.

Mr. Rajeev Dalmia: 325 includes license fee.

Mr. Ruchit Mehta: Okay, 325 includes license fee.

Mr. Rajeev Dalmia: Yeah.

Mr. Ruchit Mehta: Okay. Thank you so much.

Mr. Jawahar Goel: Thank you.

Moderator: Thank you very much sir. At this moment, there are no further questions from participants. I would like to hand over the floor back to Mr. Harsh for final remarks.

Harsh: Ladies and gentlemen, thank you for joining us. We hope to have a transcript of the call very soon on our website, www.distvindia.in. We will look forward to speaking to you again at the end of the third quarter or even earlier on a one-to-one basis. Thank you and have a great day.

Moderator: Thank you very much sir. 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.

Note:

Blanks due to poor voice quality.
All revenue figures in INR until otherwise mentioned
1 Billion= 100 Crores
1 Million= 10 Lacs
1 Cr= 100 Lacs