



DISH TV INDIA LIMITED

3Q FY14 EARNINGS TELECONFERENCE
JANUARY 23, 2014, 4.00 P.M. INDIA TIME

Moderator Ladies and gentlemen good day and welcome to the Dish TV India Limited Q3 FY14 Earnings Conference Call. As a reminder all participant lines will be in the listen-only mode. And there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference, please signal an operator by pressing ‘*’ then ‘0’ on your touchtone telephone. Please note that this conference is being recorded. I now hand the conference over to Mr. Tarun Nanda. Thank you and over to you sir.

Tarun Nanda Thank you. Good afternoon ladies and gentlemen and thank you for joining us today to discuss the results of Dish TV India Limited for the quarter ended December 31, 2013. To discuss the results and performance, joining me today is, Mr. Jawahar Goel – Managing Director, Dish TV India Limited along with the senior management team of the company including Mr. RC Venkatesh – CEO; Mr. Rajeev Dalmia – CFO; Mr. Salil Kapoor – COO; and Mr. Gaurav Goel – Executive Vice President; Strategy and Business Development.

We will start with a brief statement from Mr. Jawahar Goel and will then open the discussion for questions and answers. I would like to remind everybody that anything that we say in this call, refers to outlook for the future, is a forward looking statement that much be

taken in the context of the risks that we face. Also before we proceed, may I request all media representatives who may have joined in to please disconnect immediately since this call has been organized for our investors and analysts only.

I would now request Mr. Jawahar Goel to address the participants.

Jawahar Goel

Good afternoon ladies and gentlemen and thank you for joining us today.

It was an eventful quarter for Dish TV with the rollout of the first of its kind 'On Request Ala-carte' (ORA) scheme on its platform.

We successfully completed the migration of 22 channels of a content aggregator from respective packages to a-la-carte with effect from January 1. Henceforth these channels would be available, without any extra charge, to only those subscribers who specifically request for them. The current trend of demand for these channels makes us confident of significantly rationalizing our payout for content going forward.

With DTH continuing to contribute bulk of the subscription revenue to the broadcasters, it is high time they get started on collecting their share of revenue from close to 5,000 cable companies apart from rationalization of carriage fee payout.

During the quarter, Dish TV added 220 thousand net subscribers and continued to maintain its leadership share. Notwithstanding the festival period, the overall additions for the industry remained muted

largely due to the sluggishness in the economy as compared to the corresponding period last fiscal.

Coming over to the financials, a relatively strong currency in Q3 resulted in a translational loss, due to foreign exchange fluctuation, of Rs. 70 million on foreign deposits. This along with an exchange rate adjustment demand worth Rs. 54 million, for transponder payments, negatively impacted the EBITDA for the quarter. In line with expectation, higher promotional and marketing expenses and a sports driven content payout also put pressure on the EBITDA of Rs. 1,355 million.

ARPU for the quarter increased to Rs. 166 from Rs. 165 in the previous quarter. Subscriber Acquisition Cost (SAC) was recorded at Rs. 1,889 while churn was maintained at 0.6% p.m. Dish TV paid off debt to the tune of Rs. 5,631 million in the nine months ended December 31, 2013.

Our Sri Lanka subsidiary project is on track and test signals are planned for February end.

On the digitization front, TRAI and the government have already started the process for implementation of DAS in Phase III and IV which should give us a significant opportunity going forward. We are confident of acquiring industry leading incremental share while still keeping a tab on the subsidy per box.

With this, I would like to open the floor for the question and answer session.

Moderator Thank you very much sir. Ladies and gentleman, we will now begin the question and answer session. Our first question is from the line of Abneesh Roy of Edelweiss. Please go ahead.

Abneesh Roy My first question is on the Phase-1 cities, Delhi, Bombay & Kolkata, once gross billing starts in the real sense, do you expect either churn from cable to DTH or in the same scenario do you expect a meaningful increase in your own ARPU?

Jawahar Goel Abneesh, I think in the last quarter also, we talked about the gross billing for Delhi, Mumbai and Kolkata. It was rolled out by the MSOs but then immediately they rolled it back because one or two MSOs did not join. Now for Delhi alone, they had rolled it out again last week. The reaction on the ground is not yet available and the churn from cable to DTH, is a matrix that we can't measure on our system. But if the invoices are rolled out to the consumer, definitely there will be an upward revenue stream coming from the ground to the broadcasters, MSO's and tax authority. These things will give us also the headroom for increasing our rates and pass on the tax burden to the consumer.

Abneesh Roy My second question is in terms of the new scheme innovation which you have started, if you could speak more on that? How much benefit do you see from it in FY15 or whether you can do the same 'on request scheme' with other operators? And also you are planning to share the reach data from February. How do you see benefits coming from that also?

RC Venkatesh The scheme has so far performed well in line with our expectations. The demand profile of the various channels that we had estimated, and what has actually panned out, is very close. On the basis of that,

there will be fairly significant reduction in content cost for this particular aggregator going forward. Overall the customer has also benefited from the scheme in the sense that for those channels that he doesn't watch, he has got credit to watch other stuff. So the customer response has also been quite positive. As far as the trade is concerned, there haven't been any issues. So overall this has been a fairly smooth transition.

As we had indicated earlier through this exercise, we do expect to get a direct way to handle all the content cost which we didn't have earlier. Earlier it was just the blind negotiation, where it was a question of one person's clout compared to the other. So we do expect moderation in content cost and as far as FY15 is concerned, it's still a little early for us to make any definitive commitment but going forward we certainly expect substantial moderation if not flattening out or a decline in content cost going forward. But as I said, it is still early days for us to pin a number on that.

As far as publishing a reach data is concerned, it is part of the same process, there may be channels who may want to negotiate with us to come into the base pack or other packs where they can improve their reach. So there is an opportunity for us to enter into some sort of commercial discussion with them.

Abneesh Roy

Sir one just follow up on HD, how you did in this quarter and how is the ARPU shaping up there and Phase-3 Phase-4 DTH market share any sense you are getting now. How much will DTH really gain in Phase-1&2?

RC Venkateish

As far as HD is concerned, we continue to track around 10 – 11% of our gross adds. ARPU for the quarter was Rs.441. As you know we

only sell a pure HD subscription on an HD box. We do not allow HD box to get activated with standard-definition-only subscriptions, unlike the model followed by most other operators.

As far as Phase-3 and Phase-4 is concerned, it is slated for December. The opportunity is obviously targeted for DTH companies because the cable network penetration is fairly low there. These markets are slightly different being in the bottom end of the pyramid and also fairly regional in nature. So we will be unveiling a strategy later this quarter, which will make it clear how we plan to actually tackle these markets. But the preparations are underway full swing. Of the total available market of around 70 million, relevant market which is non FTA, we believe will be about 40 – 45 million. Out of which, we expect at least 60% to come to DTH.

Moderator

Our next question is from Lalit Kumar of Nomura Securities. Please go ahead.

Lalit Kumar

Sir my first question is related to ARPU, we have seen in the past that you took price increases to raise ARPU. Introduction of Dish Online was also to reduce churn and increase ARPU. But apart from that, what are our strategies going forward to upgrade subscribers and increase ARPU?

Jawahar Goel

After we did the On Request 'ORA' Scheme, the IBF President along with senior delegation of broadcasting met us and expressed concern. We also raised our concern that DTH as a category is paying them 55 - 60% of their subscription revenue. 5,000 cable companies are there and still another 30% revenue is paid by the 6 or 7 MSOs. On the other hand, there is hardly an outgo from MSO side on the content cost whereas for DTH, it is somewhere in the

range of Rs.65 to 80 depending on the DTH company. So I raised the issue that distribution teams are not doing enough and using discretion to collect revenue by focusing on incremental revenues from 14 distributors only. This will not go very far. They are talking to and had discussions with MSOs, and aggregators, they have also sent us a date in the second week of February, when we will have a joint meeting with distributors, broadcasters as well as the DTH companies.

This will also have an impact on ARPUs as there can be some understanding that main GEC channels may not be there on basic tier. The condition of putting all channels in the basic tier, doesn't give us an opportunity to increase our ARPU. There was also an offer from them that they are willing to consider that all their channels may not be in the basic tier. So at this moment it is discussion in progress, we cannot reveal more than that. So ARPU will come from cable billing, tax rationalization and also from broadcasters.

Lalit Kumar

And sir my second question is related to increase in service commission. It was mentioned in the Q2 conference call that we have increased service coverage from 300 towns to 760 towns. My question is whether we done with it, or do we expect any further increase in our coverage particularly going into Phase-3 and Phase-4?

RC Venkateish

It is more or less complete. We are there in most of the geographies and have the capability to deliver even in Phase-3 and Phase-4.

Lalit Kumar

Sir basically I was trying to calculate this commission per gross addition, which has increased quarter on quarter. So was just

wondering whether it is on account of this or is there any other reason behind it?

RC Venkateish This roll out was progressing and now it's almost peaked out. It's also linked with the volumes and in terms of activity in that particular quarter and third quarter obviously being a festive quarter, there is higher level of activity.

Lalit Kumar So going forward we should not increase service commission per gross subscriber adds.

RC Venkateish Service commission is not only for broad subscriber adds, it is also for servicing existing customers. So as a percentage of sales, it will come down.

Lalit Kumar And sir if you can share our current set top box inventory number?

Rajeev Dalmia Around 1.5 million plus.

Lalit Kumar And what will be our net debt level?

Rajeev Dalmia Our dollar debt is 209 million and we have cash of around Rs. 530 crores.

Moderator Our next question is from Kunal Vora from PNB Paribas. Please go ahead.

Kunal Vora First question is on the carriage revenue. Can you share your outlook for carriage revenue over the next 1 year, I believe it has been a good increase and how the broadcasters are reacting to it and whether it is broad based or selected channels?

Jawahar Goel You must be aware that around 200 channel licenses are pending for the last 15 months and the I&B ministry has started rolling these out. These channels, half of them are news channels, and with the forthcoming general elections coming will try to establish themselves.

It is hard to estimate but we have lined up some satellite capacities as well. So we expect that carriage should grow significantly.

Kunal Vora Any number which you can provide or is it difficult to say at this point of time?

Jawahar Goel At this point of time, we can expect, that the incremental satellite cost will be covered.

Kunal Vora Second question is on the subscriber acquisition cost, it has increased marginally this quarter. Are you still looking to remove the subsidy element completely or that might be difficult given the competitive intensity and the way cable industry is right now?

RC Venkateish Increase is more due to marketing allocation because of the festival quarter, also there was an increase in advertising and marketing expenses. And in terms of the actual subsidy per box we are looking at a road map where we can bring it down. We need to calibrate that on 2 sides. We are continuing to work with the vendors on reducing cost and there is a likelihood in FY15 that some of the costs will also come down and therefore bring down subsidy and we have an opportunity to take prices up in a graded measure, we will look at that as well.

Kunal Bora One last question, can you provide EBITDA margin outlook for next year. There has been some pressure this year but are you seeing recovery ahead?

RC Venkateish As we said, this quarter, we were impacted by one-offs to the tune of Rs.12 crores. So if you take that off, then the margin has been more or less around 24 - 25 %. All the initiatives that we have unveiled are really aimed at margin expansion.

Jawahar Goel And also TRAI is about to come out with licensing. We expect that they will come out with a 6 – 8% license fees instead of 10%. So there can be upside on EBITDA on this account. The content cost should be more reasonable than what we have seen in the last 3 – 4 quarters and may be with the new government coming in, GST roll out will also give us up side.

Moderator Our next question is from Srinivas Seshadri of CIMB. Please go ahead.

Srinivas Seshadri The first question is could you share what kind of gross addition market share, we would have done during this quarter?

RC Venkateish It will be around 20%.

Srinivas Seshadri Okay, so that implies that the market itself saw a pretty sharp slowdown during the festive season on a YoY basis.

RC Venkateish It was the weakest Diwali quarter in the last 3 years.

Srinivas Seshadri So what would explain that? Is it a general economic weakness?

RC Venkateish We are a follow on product. The primary product which drives this category is television. And all consumer durable sales have been very sluggish. Secondly you must remember that we are in a lull Phase-between Phase-1&2 digitization and Phase-3&4. So as far as Phase-1&2 is concerned, the penetration whatever needs to have happened, has largely happened. Phase 3 and 4 is in December. So the market available for conversion is a replacement market and some early conversion from Phase-3&4. So obviously the levels of growth you are seeing now will be lower than what was witnessed 2 – 3 years ago.

Srinivas Seshadri Just following on that, if it's more of a digitization led issue, would it be fair to assume that the next 2 – 3 quarters also would be slow?

RC Venkateish Industry additions at least till Phase-3 – 4 rolls out, I don't see any sharp uptake. There will be these seasonal variations. Q1 will always be good because of IPL. And Q2 this year will have the football world cup that can also give a boost. But other than that, structurally we will get a big change only in December.

Srinivas Seshadri Sure sir. I see that you recently launched a Rs.100 pack. Just wondering the strategy behind doing the same?

RC Venkateish There is no Rs.100 pack.

Rajeev Dalmia It is a recharge coupon for 1 – 2 states, the minimum recharge coupon was Rs.250. So in 1 – 2 states we are trying to experiment as to what will happen if it is Rs. 100. It is limited to that only.

RC Venkateish It's a recharge ticket size. Not a pack.

Moderator Our next question is from Atul Soni of Macquarie. Please go ahead.

Atul Soni Just wanted to find out what is your target net debt and absolute debt level you have in mind by March?

Rajeev Dalmia We have to pay around 42 million in the present 3 months. So 209 million dollar minus 42 million dollar will be the dollar debt. And let us see how much we can pay out of our own fund and how much we can pay out of the sales generated fund in the present quarter.

Atul Soni So any absolute net debt level you would like to think of?

Rajeev Dalmia There is no such target. But we have to balance the ordering process also. For quite a long time, we have not ordered for the hardware. We have started in the last 15 days. So it is a mix of how much we order and how much money is blocked for the LC and how much repayment is being done from our own free cash flow.

AtulSoni And as a follow up any guidance you can give for ARPU and net addition that we can expect by March end?

RC Venkateish One thing we want to reiterate on this call, you must understand that we recognize revenue on the basis of total consumption, which is the actual consumption of the recharge by the viewer and not by what we invoice. Therefore our revenues and ARPU are very sensitive to the number of days in a quarter. Now fourth quarter always you find that it is 2 days less than the third quarter. 2 days in our current run rate on subscription revenues equals to almost Rs.12 crores. So the Rs.12 crores translates into Rs.3.33 impact on the ARPU. So even if the normalized ARPU which is currently Rs.166.5 goes up to say Rs.168, then the as reported ARPU will be Rs.165. So I just want to reiterate that the 4th quarter suffers from this anomaly because of the way we calculate ARPU.

- Atul Soni** Okay and for the net addition?
- RC Venkateish** For net additions for the full year, we had originally guided around 1 million and then we said probably the market is much softer than that on a digitization pace. So around 0.85 to 0.9 million is what we expect we should exit the year.
- Moderator** Our next question is from Ankit Kedia of Centrum Broking. Please go ahead.
- Ankit Kedia** Just wanted to know last quarter we said our cash balance was Rs. 570 crores and now we are saying 530 crores. So how have we done our debt repayment given that the inventory has also increased from 1.4 million to 1.5 million?
- Rajiv Dalmia** The inventory was 1.9 million including the trade inventory. We have depleted 400,000 so we have 1.5 million and this Rs.40 crores was used for repayment of debt.
- Ankit Kedia** But we paid Rs.360 crores debt in the quarter?
- Rajeev Dalmia** Yeah, we generated Rs.58 crores in this quarter as free cash flow plus Rs.110 crores was available to us because of the inventory. So Rs.58 crores plus Rs. 110 crores plus Rs. 40 crores, that was the cash utilized plus we had some mutual fund redemption also in the month of October.
- Ankit Kedia** Alright, my second question is on the mobile DTH, we had more than 1 lakh subscribers on that. So how are we accounted for the revenues and the ARPU of that in the quarter?

RC Venkateish No, it is only open to existing subscribers of Dish TV. So it is not counted in any subscriber numbers. It just goes into the additional ARPU. We don't have 1 lakh subscribers. We had mentioned at that point of time, it was downloads that include the people who are in the sampling phase.

Moderator Our next question is from Rohit Dokania of B&K Securities. Please go ahead.

Rohit Dokania Just 2 – 3 things, one is on the Rs.7 crores translation loss, what exactly does it relate to?

Rajeev Dalmia We have certain deposits in dollar, with the rupee appreciating this quarter, we booked that much amount.

Rohit Dokania And the Rs.5.4 crores increase that we have seen in the transponder payout, is that because of the new transponder that we were supposed to have as was discussed in Q2 call?

Rajeev Dalmia No, it is because of additional withholding tax which was imposed in this budget plus it has a foreign exchange element also because we are paying in dollar to the transponder or service provider.

Rohit Dokania And the new transponder that was supposed to come we have not yet received that transponder, right?

RC Venkateish It is not operational as yet.

Rohit Dokania And also, is it possible to throw some light on as to how the off take of the India Cast channel has been as far as the whole à la carte scheme is concerned?

RC Venkatesh We cannot give channel specific data in a conference call but overall the actual outcome has been very, very close to what we have modeled in terms of our expectations and therefore will provide us a significant reduction in the overall cost to this aggregator in line with what we had projected earlier.

Jawahar Goel Rohit, it is not the end of relationship with the aggregator. It is a positioning and it has been very well received. We have shown the industry especially aggregators that there can be a second scenario other than what they have been living with. So I think hopefully we would be there where we wanted to be. We had done some estimates, we are within that.

Rohit Dokania And lastly do we plan to implement the same scheme across the other aggregator as well, whenever the deal comes of a renewal?

Jawahar Goel These are strategic issues, how do you expect us to discuss on the call? These are management issues.

Moderator Our next question is from Vikash Mantri of ICICI Securities. Please go ahead.

Vikash Mantri Two questions – one is we have heard at least some of the other DTH operators swapping MPEG-2boxes for MPEG-4. Would we also attempt to do that over a longer run and second question is, cable has an advantage in terms of ability to price per society, per city, per locality, and stuff like that. So even if Phase-1 digitization happens and billing starts, can we have differentiated package rates for Delhi & Mumbai and therefore help in ARPUs?

RC Venkateish

As far as the swapping of MPEG-2 to MPEG-4 boxes is concerned, I think I explained last time also that we don't believe in a blind swap. All new boxes which are going to go in from the new lot other than what we have in inventory for standard definition are already going to be MPEG-4 because our Standard Definition Recorder is already MPEG-4 and some of the HD is also MPEG-4. So over a period of time, through a process of natural churn coming out and the new boxes coming in as MPEG-4, they will get replaced.

On a geography based billing, there is no bar on us implementing such a thing, we can technically have that. But the fact of the matter is cable does not have packages today and that is the reason why they charge different from locality-to-locality. Whereas we have different consumer packages to suit different pocket sizes already and we already have a tiered and layered packaging system, so a person who cannot afford to take a big pack takes a family pack. Cable is not even there. So that is why they have to look at the locality.

Vikash Mantri

Just as a hypothetical thing, a person who got everything in Mumbai would still might be ready to pay Rs.450 – 500 whereas a person may be sitting in Ranchi or Nagpur might just wanting to pay Rs.300, so there is a potential ability to pay differential which cable can create.

Jawahar Goel

See the Cable can do pricing based on their payouts as per taxation, payout to the broadcaster, income on carriage fee and there are so many other elements. This has been the phenomena in cable but once it is a packaged thing, you cannot have this kind of a scenario. We have to wait for them to implement the tiering, pricing, billing and dunning.

Moderator Our next question is from Varun Ahuja of UBS. Please go ahead.

Varun Ahuja Just a small clarification, you mentioned the content cost will come down in coming years. So besides this key measure that you have taken with IndiaCast is there any other way you are looking to reduce the content cost? And secondly any comments on the Sri Lankan operation, how much it could be on the margin dilutive over the next 12 – 18 months?

Jawahar Goel Varun, the action on IndiaCast was to sensitize the broadcasting community that their team was taking an easy way out to fulfill their budgetary obligations. We wanted to give them a rub-off which we were able to do successfully. The broadcasting industry has come on table to discuss the issue and they had promised to correct the situation. Now let's see what impact will come when we sit with them. They also need the incremental revenue. Incremental revenue will come from us only after they deliver.

And in Sri Lanka, we are going to do a test signal by middle of February. We will let you know in the next quarter how it is panning out.

Moderator The next question is from Amit Kumar of Kotak Securities. Please go ahead.

Amit Kumar My first question was with respect to the IndiaCast dispute only. While theoretically I agree with the point that you are making but why is it that other DTH operators are not so concerned about this issue? Because IndiaCast had gone on record to say that they are already in talks with few of your competitors.

Jawahar Goel We as Dish TV understand the broadcasting business as well. Whereas my competitors do not understand this broadcasting business. So that's why we could take this challenge and we are satisfied with this reaction. This is just a positioning and things will continue to happen from our side and from their side. They went to court almost 8 – 9 times and Dish TV successfully countered their allegations. On 1st January we had rolled out the new package. But this is not the end of relationship with any of the broadcasters. They need us and we need them.

Amit Kumar My second point was with respect to the new transponders, will it be fair to assume that these are the ones going to be used for Sri Lanka operation as well or is it going to be separate?

Jawahar Goel I think we are still in the process. So we will discuss this offline if you are interested.

Amit Kumar My last question on this point, you mentioned that the advertising and marketing promotion expenses did go up in this particular quarter, but it doesn't seem that the advertising and promotional activity seems to be having any sort of an impact, would you comment on that please?

RC Venkateish Our net additions this quarter are up by almost 40% compared to the last quarter. So as I mentioned earlier, you must see this in the context of the overall market which has been sluggish and as I said this festive season was probably one of the most sluggish in the last 2 – 3 years and add to that the point about the current level of digital penetration. This is not a soap and toothpaste market because 50% of the market is already penetrated. The available market for new

additions is only that balance 50%. So you are talking about going into a smaller pool today than you were a year or two years ago.

Amit Kumar

Just to take this last point forward, based on our discussions with few other DTH companies also and this is a point that you have also made previously that, given the kind of disputes which are going on between LCOs and MSOs right now. DTH companies at least in Phase-1 and few parts of Phase-2, still continue to see net ads. The numbers don't seem to be picking up. I mean last quarter was 1.5 lakh. This quarter is just about 2.2 lakh. Festival season plus whatever trailing benefits of Phase-1&2 digitization, or is it that we are not capitalizing on that?

RC Venkateish

It isn't different from any of the other operators. You see the other large operator which has published results, last quarter they barely did around 120,000 net ads.

Jawahar Goel

That's why we are going to Sri Lanka to find the additional market.

Amit Kumar

Sri Lanka is a very small market sir. How much can you hope to do in that market?

Jawahar Goel

I think the whole of SAARC market is almost a 50 million TV household.

Moderator

Our next question is from Sumit Chowdhary of Standard Chartered. Please go ahead.

Sumit Chowdhary

This relates to the one-off which you mentioned of around Rs.7 crores relating to the translation of FX deposits. Now if you work backwards assuming there was 88 paise depreciation in USD that works out to almost \$80 million which is like almost Rs.500 crores

of cash you had in deposits. Am I doing my math right? So practically all of your cash is in USD?

Rajeev Dalmia You are right. It is not 80 million. Actually it is 40 million but the other Rs.3.5 crores was because we had some forward bookings. And Rs.3.5 crores was paid as a premium. So that cannot be accounted as foreign asset. It has to be routed through profit and loss account.

Moderator Our next question is a follow up from Srinivas Seshadri of CIMB. Please go ahead.

Srinivas Seshadri First one is on the programming cost, there was a sequential increase during the quarter. I am not sure whether you have covered this already. If you could please explain the jump from Rs.186 crores to about Rs.199 crores. Is it on the content side or the other items which you were talking about?

Rajeev Dalmia No it is primarily on the content side.

RC Venkateish It is all related to sports programming, which was heavy in the quarter especially with the ESPN and Star channels.

SrinivasSeshadri So it is more of a CPS led cost inflation.

RC Venkateish We avail those channels on à la carte mode, so when there is an event, the cost spikes up for us without increase in the revenue because these à la carte channels are given free of cost to our mid-tier and premium-tier customers.

Srinivas Seshadri So you are saying there would not be any appreciable ARPU impact. It was just a cost.

RC Venkatesh It is only cost. There is no ARPU impact because it is given free to the gold and platinum subscribers. It is part of what we call the India cricket à la carte pack, which is on a particular channel whichever has a cricket match. Now it helps us bring down cost over the year because each channel has separate events going through but during a specific quarter if there is high activity, it goes up, on a normalized basis it comes down. So on the 4th quarter you won't see that impact so content cost will be lower.

Srinivas Seshadri Just another book keeping question, if you could just run down through the break-up of revenue.

Rajeev Dalmia It was Rs.553 crores of subscription, Rs.21 crores of rental, Rs.18 crores of carriage, Rs.5 crores of teleport, and around Rs.11 crores of advertisement.

Moderator Our next question is from Bijal Shah of IIFL. Please go ahead.

Bijal Shah I have two questions. First to Mr. Jawaharji. Sir what do you think when this billing issue will actually settle down. Will it take another 3 months, 6 months, 12 months or it is very difficult to say how much time it could take and when you expect people to take price hike in Phase-1 and Phase-2 market.

Jawahar Goel You should ask this question to the 3 MSO's that are in the listed domain.

Bijal Shah Sir you have knowledge of broadcasting, cable distribution as well as DTH. So I just want your perspective first. And when they report, we will ask them.

Jawahar Goel Actually they are trying very hard. But unfortunately the aggregator is not playing big brothers role. They are sitting and collecting 90% revenue from 40 distributors and then they happily celebrate every month. The companies with big large aggregators, could have played big brothers role with the MSOs and could have kept their heads together to streamline the industry. I have no hesitation in saying, that in the entire digitalization process, the broadcasters have done nothing. If I were to give marks out of 10, I will not even give them even 1 mark.

Bijal Shah So essentially you are saying that ARPU growth has to come through by broadcaster either by cutting carriage or forcing them to pay much more for the content. Is that what you are saying? Okay. So second question is on the content cost growth. Do you expect content cost growth for the full year will remain in 10 – 12% range and if you can give us some guidance for FY15?

RC Venkateish Over this fiscal, it should be around the 12% range. We have a stated objective over the next 2 years reducing content cost as a percentage of top-line by at least 400 to 500 basis points. So to that extent we do expect the content cost to level off next year or decline, let us see.

Moderator We will take our last question from Amit Kumar of Kotak Securities. Please go ahead.

Amit Kumar On the ARPU side, I am just a little bit surprised that your ARPU has gone up in this quarter for a very simple reason that from the previous quarter, the sale of set-top boxes that you were doing, there was no free content attached to it. We had started to see across different schemes that you run one to two months of free content. So

to that extent the activation revenue that you book when you add a new subscriber, has that amount sort of gone up?

Rajeev Dalmia In this quarter the ARPU would have been much higher if the free content was not there let us put it that way. It would have been Rs.168 type.

RC Venkateish We were forced to do it because Tata Sky and the other guys started discounting the price of the box.

Amit Kumar Sir, for a very long time our pack mix has been deteriorating. So at least has that trend reversed now?

Rajeev Dalmia No it has not reversed. It was stable and slightly up.

RC Venkateish What was happening was when we took a price increase there was a down trending. The last price increase we took was in April, so there was down trending for about a quarter or two. Then it stabilized. Then we as a company keep making efforts to off trade the guys. So that has also kicked in. We have had a fairly stable price regime for past 8-9 months. So that initial reaction has leveled off.

Moderator Thank you. Ladies and gentleman, on behalf of Dish TV India Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.

This transcript has been suitably edited for ease of reading.