



DISH TV INDIA LIMITED

3Q FY 2012 TELECONFERENCE
JANUARY 19, 2012, 3.30 P.M. INDIA TIME

Moderator: Ladies and gentlemen good day and welcome to the Q3 FY12 Results conference call of Dish TV India Ltd. As a reminder all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions at the end of today's presentation. If you should need assistance during this conference call please signal an operator by pressing * and then 0 on your touchtone telephone. Please note that this conference is being recorded.

I would now like to hand the conference over to Mr. Tarun Nanda of Dish TV India Ltd, thank you and over to you sir.

Tarun: Good afternoon ladies and gentleman and thank you for joining us today. This conference call, as you know, has been organized to update our investors on Dish TVs performance in the third quarter of fiscal 2012 and to share with you the outlook of the management of the company.

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. R.C. Venkateish, CEO and Mr. Rajiv Dalmia, CFO. We will start with a brief statement from Mr. Venkateish and will then open the discussion for questions and answers.

I would like to remind everybody that anything that we say during this call that refers to outlook for the future, is a forward-looking statement that must be taken in the context of the risks that we face. Also before we start I would request all media representatives who may have joined in to please disconnect immediately since this call has been organized purely for our investors and analysts.

I now request Mr. R.C. Venkateish to address the participants.

Venkateish: 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 31st, 2011.

Dish TV added 740 thousand new subscribers in the third quarter ended December 31, 2011 achieving a total of 12.5 million gross and 9.5 million net subscribers at the end of the period.

The festival quarter ending December has traditionally been a bigger contributor in terms of subscriber additions and revenue compared to the other quarters. This year, though the category outperformed on a year-on-year basis in the month of October being 'Diwali' time, subscriber adds thereafter witnessed a slowdown.

However, considering the not so buoyant macroeconomic environment, customer acquisitions have been encouraging. Notwithstanding the fallout in terms of lower additions what is heartening is that Dish TV, followed by much of the industry, was able to initiate and sustain a significant price hike at the entry level. The price hike was taken to offset the unprecedented rupee

depreciation in the last few months. Dish TV continued to maintain its lead in incremental share in a six player market.

Coming over to our financial performance, subscription revenues for the quarter stood at Rs. 4,254 million, recording a growth of 37.6% as compared to the corresponding period last fiscal. EBITDA at Rs. 1,202 million recorded a growth of 81.5% and an EBITDA margin of 24.5%. Due to a further 8% depreciation of the rupee against the US dollar in this quarter, net loss of Rs. 430 million was negatively impacted by foreign exchange loss of Rs. 156 million.

A larger base contributed to a flat ARPU in this quarter. However, the recent price hike is likely to filter through and add to the ARPU in the coming quarters.

While the buzz around mandatory digitization continues, on-ground activity in terms of subscriber demand is yet to catch up speed.

Going forward as we gear up to take the next big leap with digitalization, we remain committed to go all out to maintain and strengthen our market share in an expanding digital universe.

With this, I would like to open the floor for the questions and answers session.

Moderator:

Thank you sir. Ladies and gentlemen we will now begin with the question and answer session. The first question is from Sachin Salgaonkar from Goldman Sachs. Please go ahead.

Sachin: Thank you for the call. I have three questions. My first question is whether we have changed any guidance related to subscriber additions and ARPU after this quarter and wanted to get a bit more clarity on what really impacted gross ads whether it is some negative elasticity by tariff hikes or any other factor and to that matter even churn in this quarter and should we expect the same trend to continue going forward?

Venkatesh: As far as the gross ads are concerned so far we had guided in the region of 3.0 to 3.5 million. In the last two quarters unprecedented volatility in the rupee forced us to look at our overall recoveries from the hardware in the market. Therefore in mid November we took an entry-level price increase of close to about 30% where we increased the price for the customers from 1190 to 1590. So that on an overall basis we are able to mitigate the impact of the rupee devaluation. That obviously had an immediate impact on our business as well as that of other DTH operators because they also similarly followed through increased prices. The gross add overall as a category declined quite sharply in the second half of November and followed through most of December; however, we feel at times that it has sort of stabilized and picked up again because people are now absorbed and accepting the price. Initially there were some older price stocks in the market, which had to filter through as well and which impacted it. So yes overall additions because of this unprecedented price increase that we had taken have slowed down and in terms of guidance the 3.0 to 3.5 million, I think will be closer to around 2.6 to 2.7 million for the year because of these factors.

Sachin: The guidance for exit ARPU?

- Venkatesh:** We have taken a Rs.10 price hike in the entry level pack, which accounts for around 50% of our subscribers. So it will be over Rs.155 but probably not in the 160 to 165 range.
- Sachin:** Got it. Sir my second question is what could be the normalized EBITDA margins for the quarter if we adjust for the reversal of commissions and any potential forex impact before the EBITDA line?
- Rajeev:** We have not done that calculation because the impact will be marginal.
- Sachin:** Lastly, sir we are hearing a lot in media that DISH might look at raising close to around \$200 million so wanted to understand management's thoughts on any potential equity raising and when could we get more clarity on that?
- Venkatesh:** See we have taken FIPB approval and kept it with us because it is a long lead-time item. We want to be in a position where we can raise funds at a short notice. At this point of time, there is no conclusive discussion or any such thing but we have at least enabled ourselves to be able to raise the funds that may be needed.
- Sachin:** Thank you and all the very best for future.
- Moderator:** Thank you. The next question is from Aashish Urganlawar from Spark Capital. Please go ahead.
- Aashish:** Sir just wanted to understand since Rupee has come back do you see initial prices coming down in the near-term?

Venkateish: We have moved the table recently and we are seeing volumes coming back and as long as the volumes do come back we will be very happy to maintain the price because that is good for the business but again it is too early to take a call.

Aashish: But do you see competition might be interested in bringing it down may be if they are not adding enough subscribers?

Venkateish: We were the first to take a price increase and you would have seen that very quickly within a week or 10 days all the other operators followed. I do not think competition at this point in time is of the view that they would want to acquire subscribers by entering into a price war.

Aashish: Sir, secondly I wanted to understand this quarters churn numbers seem to be pretty high so your thoughts on that?

Venkateish: Well the churn is a metric which is also a function of pricing; it is a function of the overall competitive levels in the market and also a function of not only how the DTH operators are doing but also the performance of the cable system. So we have to battle a soft macroeconomic environment which has been there for the last six to eight months. There has been a pullback in consumer spending and therefore some sort of delay in payment or people opting to live with analog cable for sometime before coming back and recharging so that is one factor which is important. The second factor, impacting it is, the low price level across the industry. I mean entry-level price had dropped as low as Rs.990. Now that piece has been corrected so you do not have very low entry prices now the prices have moved up to about Rs.1590 so at this level the incentive for people to quickly move around is substantially reduced. These are the factors, which

have impacted slightly front line on the churn. We expect that to correct back because of the action on the price and also if the macroeconomic environment improves that certainly will also give us an ability to improve that.

Aashish: Sir, but if the industry has together effected increase in the entry price it should have resulted in a decline in the churn rate?

Venkateish: There is a lag effect for that to actually come through.

Aashish: Sir do you anyways attribute this to higher subsidization in some parts of the country from cable operators? To give an example I think there was some news article I was reading that mentioned Asianet has distributed boxes for free in Trivandram in Kerala

Venkateish: See if somebody gives all the services for free then obviously people will churn. But the question is that for how long can anybody sustain that kind of a business model where everything is given away free.

Aashish: I will come back with more questions if I have any. Thanks.

Moderator: Thank you. The next question is from Siddharth Goenka from JM Financial. Please go ahead.

Siddharth: Thanks for the opportunity, just wanted to know you guided for an ad expenditure of around Rs.90 Crores while we have done around Rs.53 Crores in the first six months I believe we have been doing some campaigns in this quarter so what kind of guidance are you providing for the ad expenditure in FY '12?

Rajeev: It will be Rs. 85 to 90 crores.

Siddharth: So you will almost be spending around Rs.40 Crores additional approximately?

Venkatesh: That was for digitalization, which is being used now.

Siddharth: What is the total debt on books at this point of time?

Rajeev: It continues to be Rs. 1200 crores. Around Rs. 750 crores is dollar debt and the rest in Indian rupees.

Siddharth: And sir on the industry front how many subscribers has the industry added this quarter?

Rajeev: Three million.

Siddharth: That is it from my end. I will come back if I have more queries. Thanks you so much.

Moderator: Thank you. The next question is from Nihar Shah from Enam Holdings. Please go ahead.

Nihar: Sir most of my questions have been answered. I just had one question. Can you just tell us what happened to the content cost this quarter it seems to have gone up quarter-on-quarter?

Rajeev: There were two new deals signed during this quarter, which impacted around Rs.10 Crores.

Nihar: So is that expected to remain stable going forward?

Rajeev: For this quarter yes, but we will be facing some renewals next year as well, so we really need to wait and watch.

- Nihar:** Who would be coming up for renewal?
- Rajeev:** It will be Star and Zee.
- Nihar:** Thank you Sir.
- Moderator:** Thank you. The next question is from Pratish Krishnan from Merrill Lynch. Please go ahead.
- Pratish:** Thanks. My question is on the ARPU side, if I recall in the last quarter you had reported ARPU of Rs.152 and on the call management had said that for the month of September it was around Rs. 154. I was just wondering as to why is that we have not seen any improvement in ARPU for the entire quarter?
- Venkatesh:** Yes we had highlighted the 154. In fact this quarter in October also it was around that level. There are two factors, which impacted this. One is we traditionally have substantial bump in a-la-carte revenues during cricket season but that À la carte bump up that we were expecting did not happen due to the performance of the Indian team. Secondly the overall environment has been sluggish. The pack up-grades which normally return momentum have been sluggish, people have been reluctant to upgrade. However, we took a price increase in the third week of November that should filter through in Q4.
- Pratish:** My second question is on the lease rentals, we have seen a sequential decline in lease rentals and your SAC has come down, any reason as to why it has been like that?
- Rajeev:** It has gone down by Rs.10 Crores and in subsequent quarters also the increase is difficult because whosoever joined in 2006 and 2007 is getting out of the lease rental period because five years are over.

So there are two things, while the old subscriber is going out, the new subscriber is paying lower lease rentals compared to earlier years. So it will be more or less stagnant at least for the next two three quarters..

Pratish: Lastly what was the quantum of subscribers that you wrote -off in the quarter?

Rajeev: Around 75,000.

Pratish: Thanks a lot.

Moderator: Thank you. The next question is from the Deepan Shankar of HSBC. Please go ahead.

Deepan: Good evening Sir. I just want to understand how the HD contribution to the total addition is and what is the outlook from your side on that front?

Venkatesh: HD contribution has been steady at around 4.5 to 5%. In fact along with the price increase in the standard definition box in November we also took a price increase in the High Definition category so that the entry level of High Definition is close to about Rs.2,900 now. After we moved the price the rest of the industry also followed. As far as our ARPU in HD is concerned it is above Rs.400 and it is a significant contributor to the revenue; however, the overall numbers of channels, which need to get converted into HD, are still fairly sluggish. In terms of broadcasters and content providers we had a flurry of launches around September, October but after that, things seem to have tapered off.

We need a critical mass of around 45 to 50 HD channels for this category to really take off. May be in about three to six months the full bouquet will be in place and we should be able to optimize the HD category as an overall DTH industry.

Deepan: What is your overall view on the digitization execution plan and do you see digitization for metros happening in time?

Venkatesh: It should happen, now it is by legislation so the elasticity or the chances of slippage will be less than it was twice before but we really need to see how it rolls out because still there are a lot of ifs and buts.

Deepan: Thank you. That is it from my side.

Moderator: Thank you. The next question is from Abneesh Roy from Edelweiss. Please go ahead.

Abneesh: Sir thanks for the opportunity. Content cost has gone up for this quarter. NEO Sports was one of the reasons, now NEO Sports obviously doesn't have the cricket rights wanted to understand whether our content cost can come down because of this?

Venkatesh: We will try because if it is not with NEO it will go with someone else so it needs to be balanced.

Abneesh: Sir in terms of the slow down we have seen a sharp slowdown in the second half of Q3, how much of this is because of a slowdown in TV sales? Because that has seen a major dip so if that does not recover in the medium term what is the confidence level that without digitalization we will see recovery in Q4 and Q1?

Venkatesh: See certainly the overall environment has been very sluggish. Now if you combine it with the fact that we had taken a 30% price increase in a soft environment that would be a double whammy for us. It was something that we obviously had not factored into our plans that we would have to face close to 20% depreciation in the rupee. Going forward, without digitalization if the current environment continues to be soft, you are right that would require us to look at the scenario. But right now I think the tail wind of digitalization is to provide that additional momentum to offset soft macroeconomic environment.

Abneesh: Next question is on the currency it has been very volatile could you tell us in terms of hedging how do you see it? How does it impact us what is the hedging policy?

Rajeev: We are not hedging the import of equipment but we are hedging the loan which has been taken for import of equipment. We are hedged for the next full year but beyond that we are un-hedged.

Abneesh: Sir, Dish TV has become a subsidiary of Dhaka Warriors how does it impact?

Rajeev: There is some consolidation happening at the promoter shareholding level. It will not impact us in terms of our day-to-day functioning.

Abneesh: I will come back if I have more. Thanks.

Moderator: Thank you. The next question is from Bijal Shah from IIFL. Please go ahead.

Bijal: Thanks for the opportunity. Can you give us some guidance on how the churn rate is expected to move in the next few quarters or should we assume that this quarter's churn rate is normal?

- Venkatesh:** Churn would certainly decline because of the actions that have been taken not only by us but by the entire industry. But we do not give specific guidance.
- Bijal:** Is there any one of kind of thing during this quarter or is it all normal? I mean is there something which is peculiar to the quarter?
- Rajeev:** There is no one -off as far as churn is concerned.
- Bijal:** Thanks a lot.
- Moderator:** Thank you. The next question is from Amit Kumar from Kotak Securities. Please go ahead.
- Amit:** Thank you so much for the opportunity. Sir what is the kind of set-top box or hardware inventory with the company currently?
- Rajeev:** It will be around 900,000 to a million.
- Amit:** That is fine. My other question pertains to this sequential Rs.10 Crore decline in lease rentals. Sir you are correct in saying that some of the subscribers that you added in the past and for which you would be booking lease income would go down but simultaneously we are also adding new subscribers, actually Rs.10 Crores sort of decline would just about imply a one million differential in subscribers added in the previous period versus the current period. I mean that does not entirely seem to be correct?
- Rajeev:** We used to charge around Rs.2200 rental in 2006. Today we are charging much lower. So a subscriber who comes in is equivalent to around three or four earlier subscribers.

Amit: I missed that last one.

Rajeev: Though we have activated 740,000 subscribers, for the quarter the average lease rental received would have been for say 350,000 subscribers only because of daily-decrement procedure.

Amit: Just a side question on that, could you help explain the accounting of Rs. 9 Crores of write off during the quarter?

Rajeev: Write down is different. Those are the subscribers who have not paid for more than 500 days past due. On that account we have written of around Rs. 9 Crores but that is coming through general administration cost.

Amit: What I mean is that those subscribers also would have paid some rental income so is this some sort of a net figure?

Rajeev: Of course.

Amit: That is all from my side. Thanks.

Moderator: Thank you. The next question is from Nainesh Rajani from Tata Mutual Fund. Please go ahead.

Nainesh: Good evening sir. Just wanted to link the churn rate with the ARPUs, you have continuously indicated that the base entry level price has actually increased which we have seen to some extent in your ARPUs. However, that has resulted in churn rate increasing significantly. Wanted to understand as to how does the management intend to strike a balance between not increasing the ARPUs to such a level where churn rate increases?

Venkateish: It is not such a direct linkage as you have indicated; it is not only a function of the ARPUs. As I explained earlier during the call there are multiple factors that play here including cable or the overall propensity of the consumer to spend.

So as far as we are concerned we are very clear that we have to move on the path of increasing our ARPUs and maintaining the churn rate within a reasonable level so this is an imperative for us to take the business forward. We are not going to sacrifice one for the other. How we are actually going to do it is obviously a function of a whole host of strategies that we are working on in terms of increasing customers stickiness, improving our direct contract program with the customer and providing more incentives for the guy to stay on our platform but at no point do we ever think of these two as a trade off between one and the other. For the long-term growth of a business we have to grow our ARPUs as well as retain the churn within a reasonable level.

Nainesh: Sir, if you can explain once again as to why have the ARPUs not increased significantly compared to the last quarter despite taking a base rate hike since last few quarters?

Venkateish: Base rate hike was only taken in the third week of November .

Nainesh: I was indicating to general price hikes that you have been taking.

Venkateish: There are two types of hikes; one of them is the entry level price hike. It affects my SAC because basically that is the hardware cost that I recover from the guy. The other one, which actually impacts the ARPU, is the subscription price hike. The price increase that we take on subscription has to filter through because as per TRAI

regulations I can affect the price increase only when a subscriber comes into recharge, so there will be a lag effect..

Nainesh: Fair enough. Thanks a lot.

Moderator: Thank you. The next question is from Srinivas Sheshadri from RBS Equities. Please go ahead.

Srinivas: Good afternoon to the management. I just had one question on the forex loss. I wanted to understand whether there is any change in the way we account for forex loss, after the changes notified in AS-12?

Rajeev: We did the same thing as we did in September. AS-11 has been extended beyond 2012 and now it goes up to 2020.

Srinivas: Can you also let me know the amount of forex loss which we are carrying on the balance sheet and which has not yet been recognized in the income statement?

Rajeev: It was Rs. 40 Crores in this quarter and say around Rs. 16 Crores in the last quarter.

Srinivas: Okay, accumulation of Rs. 56 Crores is there. Thank you so much.

Moderator: Thank you. The next question is from Hiren Dasani from Goldman Sachs. Please go ahead.

Hiren: Thank you. With this digitization phase around the corner do we have some sense on what gross ads are we looking at for the next year?

Venkatesh: We are working on our plans at this point of time. We would not want to issue guidance at this stage.

Rajeev: This event is very unpredictable so let us see, but otherwise we are prepared with the inventory and other infrastructure but actual execution will start maybe from May and June so we should be guiding at that time..

Hiren: But is it likely to be much higher than let us say 2.8 million to 3 million subs because all the DTH operators as well as cable will try for it?

Rajeev: We are all hoping for the same.

Venkatesh: A 7 million market is going to open up in these four metros itself. Obviously that will be accretive to all the players.

Hiren: But you should be taking 25% of that even if you assume that 7 million entirely goes into the DTH this is obviously unlikely but even in that scenario your share would be 25% to 30% right?

Venkatesh: Yes, the 7 million will not be going entirely to DTH. Even if we assume about 50% or 60% goes to DTH then you can calculate what could be our share.

Hiren: So let us say 3.5 million and 25% of that comes to you and obviously the other non-metro subscriber additions continue at the same pace?

Venkatesh: Absolutely.

Hiren: Thank you very much.

Moderator: Thank you. The next question is from Nirav Dalal from Sharekhan. Please go ahead.

- Nirav:** Sir thank you all my questions have been answered.
- Moderator:** Thank you. The next question is from Mohan Lal from Elara Capital. Please go ahead.
- Mohan:** Thank you sir. I have just two questions. One is that if I look at the content cost, at this run rate we will be up by at least 20% on a year-on-year basis, which is not very far away from the top line growth for this year. Last year we grew by only 13% in content cost. So is it that our negotiating power with the suppliers like Sony, who have been in the system for two or three years now is reducing and that is why we are seeing this inflation?
- Venkateish:** No, we have been saying that that there will be an increment of 15% to 20%. Plus we have new channels added and maybe some new contracts being signed so total of that will be around 20%.
- Mohan:** For next year you are saying that it could be?
- Venkateish:** We are not guiding anything for the next year.
- Mohan:** Sir my second question is that in the last concall you had said that you had pre-booked some commission cost worth Rs.19 Crores and reversal of Rs.15 Crores will happen. However the commission cost this quarter is Rs.40 Crores to which if I add the reversal, we would have spent around Rs.55 Crores for these 0.740 million additions?
- Rajeev:** Rs.11 Crores have been taken in this quarter and balance is still pending and that is why despite having more subscribers than the last quarter it has gone down by Rs.10 Crores.

- Mohan:** But sir if I compare it with a similar addition of 0.725 mn. in Q1 FY'12?
- Rajeev:** You cannot compare it with Q1 because Q2 is more accurate and near to the event.
- Mohan:** No sir, why I am saying that is because on a per subscriber basis the commission cost has actually gone up by at least Rs.100?
- Rajeev:** From Q1?
- Mohan Lal:** Yes.
- Venkatesh:** This item also includes 4% of the collection cost so as the collection increases the commission also increases. So that is why first quarter comparison is not relevant.
- Mohan:** Commission cost on a per sub basis for a new customer is around Rs.500 is it?
- Rajeev:** No, it is around Rs.325.
- Mohan:** All right. That is it. Thank you Sir.
- Moderator:** Thank you. The next question is from Ritesh Rangwala from Morgan Stanley. Please go ahead.
- Ritesh:** Just a follow-up on the gross debt. When you say Rs.1200 Crores, can you tell us how much is the forex debt out of that and what is your average cost of debt?

Rajeev: Average cost is less than 9% because of the forex element and break-up would be 750 and 450 or sometimes it will be 800 and 400 crores because of the depreciation in the rupee. .

Ritesh: So at the end of Q3 will it be okay to look it at 750?

Rajeev: Yes.

Ritesh: Thank yo so much.

Moderator: Thank you. The next question is from Dinshaw Irani from Artemis. Please go ahead.

Dinshaw: I may have missed this a bit, but what was the exit ARPU for Q3?

Venkateish: We have not calculated that

Dinshaw: In your previous conference you said that in September you saw around Rs. 154?

Venkateish: Right absolutely. In November and December it was slightly sluggish that is why the average is Rs. 152.

Dinshaw: Okay, fine go ahead. Thank you. All the rest of my questions have been answered. Thanks.

Moderator: Thank you. The next question is from Parth Trivedi from ASK Investment Managers. Please go ahead.

Parth: In the last full year you added 3.5 million subscribers at a gross level and in first nine months almost 1.07 million subscribers have been churned. Actually, I am not getting the thread as to how is it going? Churn rate was high in Q1 and Q2 and the explanation given was

that customers added in Q3, Q4 last year were not good customers and hence they have churned but we have seen churn continue in Q3 as well. So is it that those customers are still continuing?

Venkateish: We have been saying that our churn rate for the last two quarters except this quarter is 1.1% per month. As our base grows, the absolute number of churns will also grow because it is not linked to what we added rather it is linked to the total sub base that we have. Like for the next quarter we have to see out of 9.5 million subscribers how many subscribers are going out and how many subscribers are added.

So it is a combination of many things, yes we added some wrong kind of subscribers and that is why we increased prices in the month of November. So maybe going forward the quality of subscribers will improve and it will impact the churn qualitatively.

Parth: Thank you.

Moderator: Thank you. The next question is from Atul Soni from Macquarie Capital. Please go ahead.

Atul: Thanks for taking my question. I would like to know what is the target of the management on turning free cash flow positive? You have earlier said that it will happen by the fourth quarter?

Venkateish: We are not changing that stand. So let us see how best we can deliver that. We got two problems in the free cash flow in the past two quarters; one has been the movement in the dollar and secondly sluggish growth in the top line because of the lower number of activations.

Atul: That was helpful. If I can just squeeze in one more can you just give some qualitative comment on whether the churn was more towards cable or towards other DTH players?

Venkateish: It is very difficult to pinpoint as I have already mentioned that there are many factors that play here. But having taken corrective steps we expect the number to start trending down.

Atul: Thanks a lot.

Moderator: Thank you. The next question is from Sachin Salgaonkar from Goldman Sachs. Please go ahead.

Sachin: Sir, just one follow-up question. With the visibility of digitization increasing do we see competitive dynamics shifting in favor of MSOs and Digital Cable? If someone like a Comcast or maybe a big Indian conglomerate enters the market by acquiring stakes in MSOs and consolidates the fragmented cable market? How realistic is that scenario?

Venkateish: I will not be in a position to answer that.

Sachin: All right. Thank you.

Moderator: Thank you. The next question is from Swati Nangalia from IDFC Securities. Please go ahead.

Nikhil: This is Nikhil Vora here. Just one thing, in the last four years we have reached close to around Rs.1600 Crores in equity and our debt right now is Rs.1200 Crores and we are still looking at raising further capital at a base of close to 10 million net subscribers. How long do you think will it take before either the subscriber base is

relevant enough to throw in free cash or should we envisage that for the next couple of years this business will require significant amount of capital for growth or for internal generations?

Venkateish: First of all we have not finished the specific capital raising plan. We had got the approval for raising 200 million USD earlier also and this time we have gone one step further to take the FIPB approval. The reason why we have done this, as I explained, is that digitalization opens up an opportunity for 70 million analog homes to be converted to digital. We do not want to be in a situation where the acquisition rates shoot up substantially and we are not in a position to take advantage of that. In a normal, steady course of business we do not require capital and would be able to generate funds to fund the acquisition of the hardware on an ongoing basis. It is only for a spike that we would need capital, if at all, and that decision has not been taken yet.

Nikhil: As of now for what level of incremental subscriber base are we funded?

Venkateish: 2.5 to 3 million .

Nikhil: Gross level.

Venkateish: Yes.

Nikhil: Perfect. Thanks a lot Sir.

Moderator: Thank you. Ladies and gentlemen due to time constraints we will take one last question from Abneesh Roy from Edelweiss. Please go ahead.

Abneesh: Sir, how do you see the interest expense? You just said that for the next 2.5 to 3 million subscribers you have funds so does that mean that for the next three- four quarters we will see interest costs at the current level?

Rajeev: Interest cost will go down because substantial part of our rupee loan is paid and it has been replaced by forex loan.

Abneesh: Thanks and all the best.

Moderator: Thank you. Ladies and gentlemen that was the last question. I would now like to hand over the conference back to Mr. Tarun Nanda for closing comments.

Tarun: Thank you once again for joining us ladies and gentlemen. We soon hope to have the transcript of this call uploaded on our website www.dishtv.in. We look forward to speak to you again at the end of the fourth quarter of fiscal 2012 or even earlier on a one-and-one basis. Thank you and have a great day.

A 2 Associate

This transcript has been suitably edited for ease of reading.