



DISH TV INDIA LIMITED

1Q FY13 EARNINGS TELECONFERENCE
JULY 19, 2012, 4.00 P.M. INDIA TIME

Moderator: Ladies and gentlemen good day and welcome to the Q1 FY13 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 Nanda: 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 June 30th, 2012.

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 Venkatesh – CEO, Mr. Salil Kapoor – COO and Mr. Rajeev Dalmia – CFO.

We will start with a brief statement from Mr. Goel 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 our 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 proceed, may I 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 would now request Mr. Jawahar Goel to address the participants.

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

Dish TV added 504 thousand new subscribers in the first quarter ended June 30, 2012 achieving a total of 13.4 million gross and 9.8 million net subscribers at the end of the period.

The first quarter did witness a partial comeback post the sluggishness before that however, enhanced consumer demand owing to digitization is yet to fully reflect in acquisition numbers. Nevertheless, sensing DTH's growing popularity over competition, we recently initiated a price hike at the entry level as well as across standard definition packs.

While some restrain in customer demand in the short term cannot be ruled out, the net impact going forward is going to be ARPU accretive. Moreover, with digitization around the corner, subscription revenues are expected to increase as viewers sample better content on their television.

The government, at its end, has been sending firm signals to the industry that there would be no further extension of the deadline.

In the meanwhile, Dish TV continues to maintain its leadership share by focusing not only on the quality of subscribers joining the platform but also on its ability to seed set top boxes within a short turnaround time.

Coming over to the key performance highlights; Subscription revenues for the quarter stood at Rs. 4,556 million recording a growth of 16.2% as compared to the corresponding period last fiscal. Efficiencies at the cost front helped enhance operating margins despite normalized lease rentals flattening the top-line growth. EBITDA at Rs. 1,556 million recorded a significant growth of 38.7% as compared to the corresponding period last fiscal. EBITDA margin for the quarter stood at 29.9%.

Enhanced offer fee, coupled with higher number of subscriber adds sequentially, maintained subscriber acquisition cost largely in line with the previous quarter.

Churn sustained its downward movement, closing at 1% per month, while ARPU strengthened to Rs. 156, mainly due to the price hikes taken previously.

I am also happy to share that Dish TV remained free cash flow positive for the second consecutive quarter in the period ended June 30, 2012.

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

Moderator: We will now begin with the question and answer session. The first question is from the line of Sachin Salgaonkar from Goldman Sachs, please go ahead.

Sachin Salgaonkar: My first question is on your EBITDA margin. What should be the sustainable EBITDA margin for Dish in the longer run, and is there room for further increase for margins in the near term?

Venkatesh: There is certainly room for increase in margins as long as our top line is growing faster than our middle line, the EBITDA margins will continue to improve. As you can see the top line momentum consisting of subscriber additions, especially with the advent of digitization, is likely to sustain and simultaneously we have also demonstrated our ability to move our prices up. Therefore the combination of the two will keep the top line ticking at a much faster rate than the middle line and therefore EBITDA margins will improve. Now I cannot put a specific number on where it is going to end up in terms of percentage in the future. But certainly if digitization plays out in the various phases, we do expect that the top line will grow much faster than the middle line and the EBITDA margin will continue to improve.

Sachin Salgaonkar: My second question is, regarding your statement in the Earnings Release which mentioned that there could be some restraint in consumer demand in the short-term, I'm wondering if you are seeing any risk for slowdown in the industry in net ads for the near term?

Venkatesh: No, the reference there was to the Rs. 200 price increase that we took on 1st of July at the entry-level. Every time we take the entry point up by significant margins like we did last time in November,

there is a short-term crimping of demand, which lasts for a month or two and then the industry and the market adjusts to the new price point, so that is what was the reference, so in the very near term, which is to say this quarter we might see little constrain in the total subscriber adds, but post that the number is likely to pick up again.

Sachin Salgaonkar: And what is your exit ARPU for the quarter?

Rajeev Dalmia: This is the first quarter so exit ARPU is also the average ARPU which is 156.

Sachin Salgaonkar: And my last question is any plans or update on the potential capital raising?

Rajeev Dalmia: There is no thought in that direction as for today, I would say.

Moderator: Our next question is from the line of Abneesh Roy from Edelweiss, please go ahead.

Abneesh Roy: My first question is on the HD, we are at a 25% incremental segment of customers from HD obviously this was a good launch phase, so are you seeing this kind of run rate 25% sustain in the medium term?

Venkatesh No, that 25% refers to our share of the market adds. Our incremental share of the monthly incremental adds, is currently around 7 to 8%, which is after the launch of the recorder.

Abneesh Roy: Your ARPU has seen a huge increase quarter-on-quarter 151 to 156. So if you could give us more color, how much is HD

contributing to this, how much is any of the one-offs elements in that, some color on the ARPU?

Venkatesh: HD is currently about 3.5% of our total revenue. So at this point of time the actual contribution from HD to the ARPU are in the same proportion.

Abneesh Roy: Next question is on the gross subscriber growth, we have added 0.51 million so increase of around 20 to 21%. So from the mandatory digitization any numbers you can share because if you see one of your competitor has been a bit aggressive with full-page ads targeting these three areas, so how have we done in terms of micro segmentation in these three cities and any numbers which were added in Q1 because of this?

Venkatesh: Market has not lifted because digitization did not happen. Yes, a few operators jumped the gun and spend a lot of money. We were quite circumspect because we had all our plans in hand but however, knowing which way the wind was blowing, we took a call not to go out and splurge that whole money and we have that kitty available with us to do it when the digitization actually happens. Having said that there has not been any material movement in the total subscriber uptake because of people getting aware of digitization. Unfortunately, the human psychology is such that until and unless the signal actually goes off people do not move, so we will have to see what happens in the 3rd quarter which is when digitization will actually happen.

Abneesh Roy: Two macro indicators, if you see LCD TV sales have again started growing after many quarters YoY and second is of course we have the cricket series with Sri Lanka-India and we have the Olympics

also, so are you seeing an underlying general trend uptake happening in the coming quarters, I'm not taking digitization impact into this, and I'm not taking the Rs. 200 short-term impact on this?

Venkatesh: No, I do not think that the macros have improved substantially, the numbers you are referring to was a short-term bump up due to the IPL but post that if you are actually out in the market, we have not seen any reversal of the sluggishness of the past several quarters. Having said that our industry is not necessarily operating on the same dynamics because of this whole issue about migration from analog to digital which has its own underlying momentum. So you have to keep both of these in perspective when you make that judgment call.

Abneesh Roy: And lastly are we revising our ARPU upwards, we have already achieved the 2 to 3% ARPU guidance in the 1st quarter?

Rajeev Dalmia: Not now.

Moderator: Our next question is from the line of Nitin Mohta from Macquarie, please go ahead.

Nitin Mohta: My first question was with regard to the base pack hike that we have taken if you can share what kind of churn impact are you building in internally from that hike?

Rajeev Dalmia: We continue to project at 1% per month.

Nitin Mohta: There is no fear of seeing a spike in the churn as we had seen last time in the October-December quarter, following a base package price hike?

Venkateish: The base benchmark for the industry has moved up now whereas at that particular point of time the industry was operating at a very low price point of around 990. Today we are operating at 1790 and at this price point the quality of subscribers which are coming in to the platform are serious subscribers. So to that extent the churn fear can be minimized but having said that, while we are quite comfortable that it should be 1% even if there is a minor blip for a little while it will settle down, we do not expect anything major and we have not seen anything so far. It has already been around 20 days since we took the hike.

Nitin Mohta: And the second one was on the margin front, if I can understand you had a major negotiation with Media Pro coming up, do you still hold onto that 13% year-on-year increase in content cost and secondly your ad expenses have almost halved on a quarter-on-quarter basis, so any thoughts over there?

Venkateish: As far as Media Pro is concerned we are now in a very advanced stage of discussion with them and we will likely be able to conclude that within the guidance that we had given earlier, so we do not see any major issue there. Advertising expenses, again these are seasonally driven. You would typically see that our advertising peaks in the 3rd Quarter. Around the last quarter we had kept aside a substantial budget for digitization related activities but we held back because we wanted to use our resources when the actual digitization happens. So these marginal fluctuations happens on a quarter-to-quarter basis as far as advertising is concerned and they are driven either by new product launches or seasonality or specific brand campaigns.

Moderator: We have the next question from the line of Shobhit Khare from Motilal Oswal Securities Ltd, please go ahead.

Shobhit Khare: First question is on the expectation that is in the market about probably the cable rates increasing after digitization. I wanted to understand how it will help us in terms of ARPU and what kind of a subscriber base might be there in phase 1 and phase 2 where it can help us in getting better ARPU? Second, if you could give us the number of net subscriber adds for the quarter and also has there been a saving on the transponder cost on a quarter-on-quarter basis, if you can quantify that?

Rajeev Dalmia: The net subscriber base has gone up by 200,000 and there is a visible decline in transponder cost because of the adjustment in forex.

Venkateish: About digitization having a positive impact on the ARPU? That is a process, not an event at a given point of time. Phase 1 & 2 will have to happen and then it has to progress but overall directionally yes this is going to support improved ARPUs in both cable as well as DTH.

Moderator: We have the next question from the line of Siddharth Goenka from JM Financial, please go ahead.

Siddharth Goenka: Firstly can I have the revenue breakup for the quarter?

Rajeev Dalmia: Subscription revenue is Rs. 455 crores, lease rental is 46, teleport 5, bandwidth 8 crores and the balance 4.5 includes advertisements.

Siddharth Goenka: Advertisements will be how much?

Rajeev Dalmia: It is less than 4.

Siddharth Goenka: If you can share any guidance for your overall subscriber add in FY13, we have done around 0.5 million in this quarter and probably as you are saying that next quarter it will be under pressure so are we likely to have a similar number as we did in FY12 which is at around 2.5 million?

Venkatesh: It is going to depend on how digitization plays out so at this point of time we are not giving any specific guidance.

Siddharth Goenka: How much has the industry added this quarter, the 25% incremental share is for your overall subscriber add or HD subscribers?

Venkatesh: 25% refers to our incremental share in HD.

Moderator: We have the next question from the line of Prateesh Krishnan from Antique Stock Broking, please go ahead.

Prateesh Krishnan: This is for the lease rentals that have reduced on a sequential basis, has there any write-off here?

Rajeev Dalmia: We have increased the period of revenue recognition of the set top box commensurate with the depreciation which is five years, earlier it was three years.

Prateesh Krishnan: So that adjustment has kicked in?

Rajeev Dalmia: Yes

Prateesh Krishnan: In terms of the balance sheet, on an year-on-year basis there is a big fall in the creditors and the current liabilities. Is there any

change in the way your vendor payment is negotiated or what for is the fall?

Rajeev Dalmia: Creditors who had extended us additional credit period have been normalised.

Prateesh Krishnan: One should assume a certain base, I mean what days should be one factoring in our numbers and models?

Rajeev Dalmia: Yes as far as content is concerned it is around 30 to 45 days and for the rest it is I would say 15 to 30 days and for the Capex it is 90 days.

Moderator: Our next question is from the line of Amit Kumar from Kotak Securities, please go ahead.

Amit Kumar: I just wanted to understand this trend in bandwidth and advertising income, this has dropped even below the average for the full year last year. You would have assumed band width income would be fairly stable coming in from whatever set of channels that you charge this kind of fees from so just wanted to understand this part?

Rajeev Dalmia: Bandwidth has two issues, one is the capacity and the other is the availability so on both fronts I think we are lower than the average this time.

Amit Kumar: Could you elaborate this a little bit, the capacity over a period of time has gone up only?

- Venkateish:** When we need more and more channels for our viewers, to that extent our capacity to plug in new channels for bandwidth charges is limited.
- Amit Kumar:** What are these viewer demanded channels that you have added in the last quarter?
- Jawahar Goel:** When the existing contract of carriage expires then we might substitute those with some channels which might have become popular for a particular region. This will keep on happening as new channels become popular in particular regions and we have to satisfy the customers.
- Amit Kumar:** In terms of ARPU growth in this particular quarter on a QoQ basis there is a fairly large jump. Little bit surprising also in the light of the fact that the service tax component has also gone up that would have actually put downward pressure on pricing so just wanted to understand in that context, what is essentially driving this ARPU growth in this particular quarter, is it add-on packages, price hikes?
- Venkateish:** There are two components to it, one is there is a transmission mechanism in our entire system and the earlier price increases have filtered through. Secondly, as the churn comes down, the total number of paying subscriber on the platform improves. We have seen a substantial improvement in the churn metrics over the last two quarters. So these two factors put together plus the increasing uptake of HD have added to the improvement in the ARPU.
- Amit Kumar:** Just a sort of sub questions to this, this quarter was a sports oriented quarter. You had IPL and then you had Euro 2012 as well

so anything coming in from there in terms of either add-on packages or churn back of subscriber?

Venkateish: You will see the impact of that on new acquisitions. As far as the existing customers metrics are concerned that doesn't move dramatically because of that.

Moderator: Our next question is from the line of Bijal Shah from IIFL, please go ahead?

Bijal Shah: On ARPU, just want to understand what is happening as far as recharge package mix is concerned, are we seeing a stable mix improving or deteriorating in standard definition?

Venkateish: Though the mix change doesn't happen dramatically it moves slowly over time and we have seen slow but steady improvements but those improvements are miniscule in terms of percentages.

Bijal Shah: But if I understand correctly till the last quarter probably till the month of January or February we were actually seeing some marginal deterioration every month and that probably as you said has bottomed out?

Venkateish: Yeah that has reversed also the HD is contributing more significantly in terms of the total revenue mix.

Moderator: Our next question is from the line of Dinesh Harchandani from JP Morgan, please go ahead.

Princy Singh: This is Princy Singh. How much is the fee cash generation for this quarter?

- Venkateish:** Around 40 crores approximately.
- Princy Singh:** Also, how many subscribers can you add for the full year without having to resort to any external source of funding?
- Rajeev Dalmia:** Around 2 million or so standard definition.
- Moderator:** Our next question is from the line of Vikash Mantri from ICICI Securities, please go ahead.
- Vikash Mantri:** What are the kind of prepaid revenues that you would have? What is the general amount or months that subscribers prepay?
- Rajeev Dalmia:** There are two prepaid revenues, one is the lease rental and other is the subscription revenue. Average period of prepayment is around 90 days.
- Vikash Mantri:** In terms of the base pack increase that we have taken, how do subscribers react, do they move away to cable or do they go to a lower pack?
- Rajeev Dalmia:** In the last price hike experience we saw that they started downgrading. Let us see how they behave because it is also linked to the cable prices moving up due to digitization so it cannot be generalized.
- Vikash Mantri:** So then we should immediately within one and half month see the impact of those base price hikes in our ARPU's?
- Venkateish:** Not necessarily because the way the price increase is implemented, I can only implement the hike when the guy comes back for a recharge, secondly anybody on my platform who is less than six

months old will have an immunity from the price hikes for at least six months from the date he is actually opted for that particular pack. So both these factors will slower the transmission.

Moderator: Our next question is from the line of Sumeet Rohra from Silver Stallion, please go ahead.

Sumeet Rohra: My question is more about the bigger picture rather than focusing on a quarter. I am pretty confident that DAS is going to be implemented as yesterday broadcasters took the government to court by asking them why they have deferred the deadline. So in all probability DAS would be implemented so seeing the pent-up demand which is going to come up do we have enough of inventory? Secondly, what I want to understand from you is that when can ARPU of Dish get to 200, can that be in the two-year timeframe?

Rajeev Dalmia: In the two-year timeframe? Yes, but we cannot project or predict about the next quarter.

Sumeet Rohra: For the pent-up demands, do we have enough of inventory?

Rajeev Dalmia: Yeah, we have around 1.3 million boxes today.

Moderator: Our next question is from the line of Rohit Dokania from B&K Securities, please go ahead.

Rohit Dokania: During the last conference call you gave guidance for about 100 crores worth of ad expenses for the full year. Do we stand by that?

Venkatesh: Absolutely, because we had as I said kept aside a budget for digitization but since we got the sense that his whole thing is going

to be postponed, we put those plans on hold. Obviously it doesn't make sense for me to go and spend 20 crores when the event is not going to happen but since digitization is going to happen hopefully in October we will obviously have an opportunity to re-invest that much.

Rohit Dokania: Wanted to know the status of the case with respect to the Adjusted Gross Revenue?

Rajeev Dalmia: It is in the Supreme Court and we hope that something will be done during this year.

Moderator: Our next question is a follow-up question from the line of Ashish Urganlawar from Spark Capital, please go ahead.

Ashish Urganlawar: On the funding bit you said that about 2 million boxes can be funded with internal accruals but we would need much more funds when it comes to mandatory digitization so how are we going to fund this because you upfront said that equity raise may not be the immediate option?

Rajeev Dalmia: We can have the line of credit for the purchase of set top boxes either from supplier or from the banks.

Venkatesh: Plus we have 1.5 million in inventory, to add to the additional 2 million from internal cash generation. We are already at 3.5 million plus potential lines of credit, so there is no issue.

Ashish Urganlawar: This kind of an increase, how does it compete with cable otherwise because Dish TV is more powerful outside the metros so considering the kind of consumer that we are targeting, don't you

think it could be a problem for the consumer to choose cable versus your service?

Jawahar Goel: In cable they have to comply with taxation and the sharing has to happen between three partners. Hence, the cable ARPU has to be Rs.270-Rs.300 inclusive of taxes. DT is fairly cheap so we will have headroom as digitization happens. So far we have not seen any movement on the MSO side to declare their packaging and the pay broadcasters have not signed the DAS agreement with the MSO so that should happen within this month and we'll make some judgment thereafter.

Ashish Uppanlawar: What I understand from the MSOs even the big ones functioning in the metros is that it won't go beyond Rs.215 to the customer. So keeping that in mind and if you go further down in India it might be lower than that may be Rs.180 odd. Then how does DTH with the current pricing for the base pack can compete?

Jawahar Goel: You had heard 215? I have heard 160, they are just posturing to strike a good deal with the pay broadcaster.

Ashish Uppanlawar: There was extensive news that we are tying up with LCOs. What is the status on that and what is the offer that we are giving to the LCO?

Venkatesh: We have rolled out our program but since digitization got postponed people have withdrawn a little bit into the shell. We are continuing talks with them and expect that we will gain some momentum by September-October.

Moderator: Our next question is from the line of Nikhil Vora from IDFC, please go ahead.

Nikhil Vora: The cost of content that we pay to broadcasters, will that change drastically as we move forward specifically for group company or Zee?

Rajeev Dalmia: That will depend on our negotiation with Media Pro in the coming quarter.

Nikhil Vora: That was precisely the issue that till date it was a negotiated agreement between Dish and Zee, as we move forward, it will become between Dish and Media Pro so I am presuming that given the ownership change, Media Pro might be a difficult transaction to do now intermittently?

Venkatesh: We have already guided for a 12 to 15% increase in content cost in the fiscal.

Moderator: Our next question is from the line of Kunal Vora from BNP Paribas, please go ahead.

Kunal Vora: My first question is pertaining to the inactive subscribers. It has been holding while the total number of inactive subscribers has moved up significantly over the last one year so when do we expect an increase in this number and does it still appear in the admin cost? I also saw a significant increase in the depreciation year-on-year almost 36%, does that have anything to do with this?

Rajeev Dalmia: Some types of set top boxes are also routed through depreciation while some are routed through administration cost.

- Venkateish:** Secondly, this does not pertain to the entire set of churn subscribers but rather it is the more aggressive number where we write-off a subscriber who has been de-active for 500 days.
- Kunal Vora:** But I'm still not clear like what hits the depreciation cost and what hits the admin cost? Why should it be above the EBITDA line?
- Rajeev Dalmia:** That is a management call and the auditors are also okay with it. Most of the companies are doing that because it is a write-off. It is not a depreciation item so it is better that we put it above the EBITDA line.
- Kunal Vora:** My next question is on the High Definition subscriber acquisition cost like what will be the number for High Definition and what will be the number for standard definitions?
- Venkateish:** SAT for High Definition is 2834 and for standard definition is 2145 approximately.
- Moderator:** Our next question is from the line of Hiren Dasani from Goldman Sachs, please go ahead.
- Hiren Dasani:** What is the debt level at the end of the quarter?
- Rajeev Dalmia:** It is close to Rs. 1140 crores.
- Hiren Dasani:** And content cost?
- Rajeev Dalmia:** Around Rs. 130 crores.
- Hiren Dasani:** The other question is when you say you are free cash flow positive, do you include any working capital in it or is it just EBITDA less Capex?

Venkateish: We don't have any working capital, we have an advance payment model.

Rajeev Dalmia: When we are saying we are free cash flow positive that means we are incorporating the total cost of purchase of the set top boxes during the quarter. Revenues generated out of subscription, bandwidth, advertisement and rental netted-off with the expenses which are already charged in the profit and loss account of the quarter.

Hiren Dasani: Your EBITDA is Rs. 155 crores for the quarter and when you say 40 crore free cash flow that means your CAPEX for the quarter is 115 odd crores, right?

Venkateish: Yes

Hiren Dasani: What is your HD ARPU?

Rajeev Dalmia: Around Rs.414-Rs.415.

Hiren Dasani: In one of the earlier calls about 2-3 quarters back it was mentioned something around Rs.450?

Venkateish: It has gone down a bit because we introduced a new HD entry pack where earlier only 2 entry points 450 and 550 were there. We also introduced Rs. 385 pack so that we could encourage some of our Platinum subscribers to move there.

Moderator: Our next question is from the line of Nirav Dalal from Sharekhan, please go ahead.

- Nirav Dalal:** I wanted a comment on the commission that you pay to your agents. What do you expect that going ahead now that there has been a delay in the digitization process so would that have an impact?
- Venkatesh:** There is no connection between digitization and the commission that we pay.
- Nirav Dalal:** But in a way to boost faster sales?
- Venkatesh:** No at this point of time, I think, overall there is no disruptive trade practice in the industry.
- Moderator:** We have a next question from the line of Chetan Thakker from HSBC, please go ahead.
- Chetan Thakker:** In the longer run assuming digitization goes through completely will it be possible that the content cost would come down because there will be a larger number of paying subscribers now?
- Rajeev Dalmia:** In terms of percentage it will go down but in an absolute amount how can it go down?
- Chetan Thakker:** In percentage terms?
- Rajeev Dalmia:** Yeah, there is a possibility but we are not guiding anything for that.
- Moderator:** Our next question is from the line of Rohit Gala from Sunidhi Securities, please go ahead.
- Rohit Gala:** My first question is regarding any update on our Singapore and Sri Lanka JV with the local cable operators?

- Rajeev Dalmia:** There was nothing like Sri Lanka JV for cable operators. And we are yet to commence operations in a big way in these two subsidiaries. When we will do, we will update you.
- Moderator:** Our next question is from the line of Mayur Gathani from OHM Group, please go ahead.
- Mayur Gathani:** Your debt mentioned was around Rs. 1100 crores, how much is the foreign and domestic can you give me the breakup here?
- Rajeev Dalmia:** Foreign is around \$180 million and rest is in INR.
- Mayur Gathani:** Cash on books remain the same or is there a change in cash on books?
- Rajeev Dalmia:** It is around Rs. 390 crores.
- Mayur Gathani:** Are we not giving any guidance for this year's addition like 2.5 last year?
- Venkatesh:** No, considering the uncertainty around digitization at this point, we are not providing any guidance.
- Moderator:** Our next question is from the line of Amit Kumar from Kotak Securities, please go ahead.
- Amit Kumar:** Sir, on this ad spends, more from a long-term digitization perspective clearly Dish TV doesn't have as much of momentum in the metros at least not Bombay and Chennai, and I think Delhi and Kolkata are slightly better. Leaving aside what other competitors are doing but would it not make prudent sense to actually at least

do some sort of brand building exercises because if you start in September-October by that time it may be too late?

Venkateish: We have a fair amount of expertise in marketing and brand building. I'm sure you would agree that we do have requisite talent to build the brand. I would suggest that you leave that to us.

Moderator: Our next question is from the line of Bijal Shah from IIFL, please go ahead.

Bijal Shah: Just want one clarification, this quarter we have added around 500,000 and after that we have generated cash flow of 40 crores and to a question that what we can fund without taking an external debt, we said that we can add only 2 million. So ideally just going by this quarters run rate we should be capable of adding more than 2 million and generate 40 crores kind of cash flow every quarter and in fact out of 40 crores also we could add more. So I think more or less without any capital raising debt or equity you should be able to do around 2.2 to 2.3 million and you are talking about a 2 million number?

Venkateish: That also depends on the exchange value of the rupee and HD additions. We have taken a conservative view in saying 2 million. It is not a specific number that we have actually worked out.

Moderator: Our next question would be from the line of Siddharth Goenka from JM Financial, please go ahead.

Siddharth Goenka: My question is on the balance sheet, if you see that there is a debt repayment obligation of around probably 700 to 800 crores over

the next two years, so how are we planning to finance, I mean, we will be refinancing it through debt again?

Rajeev Dalmia: This year it is only around Rs. 125 crores, next year we do have around 600+ .We also mentioned that we have a cash balance of Rs. 390 crores plus positive cash flow of say 40 crores. So we will either be able to pay the amount which is due or if this is utilized for the purchase of set-top boxes in the 1st phase of digitization then we will think otherwise.

Moderator: We have our last and final question from the line of Abneesh Roy from Edelweiss, please go ahead.

Abneesh Roy: Two questions, one is on the advertising front, how are you seeing the balance three quarters advertising revenues? There is a slowdown happening but we are definitely doing a lot of innovations there? Second is service tax in Maharashtra and UP is very high 48%, 52% and also the license fee gap between you and cable of 10%, so any good news we can have in this from a longer term perspective?

Jawahar Goel: The only thing is that we still hope that the GST rolls out and the indication from the central government is that after the President election, the government will be aggressive on this account.

Abneesh Roy: And advertising revenues?

Venkatesh: Last year we did Rs. 15 crores, this year we could expect about 20 to 22 crores.

Moderator: That was the last and the final question. I would now like to hand the conference to Mr. Tarun Nanda for closing comments.

Tarun Nanda: Thank you once again for joining us ladies and gentlemen. We soon hope to have the transcript of this call on our website www.dishtv.in. We look forward to speak to you again at the end of the 2nd quarter of fiscal 2013 or even earlier on a one-on-one basis. Thank you and have a great day.

This transcript has been suitably edited for ease of reading.

