DISH TV INDIA LIMITED

4Q FY16 EARNINGS TELECONFERENCE
MAY 23, 2016, 4.30 P.M. INDIA TIME

Moderator: Ladies and gentlemen good day and welcome to the Dish TV India Limited 4Q FY16 Earnings Conference Call. As a reminder, all participant lines will be in the listen-only mode. 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 * and 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: Good afternoon ladies and gentlemen and thank you for joining us. We are here to discuss the results of Dish TV India Limited for the quarter and year ended on 31st March, 2016.

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. Arun Kapoor – Chief Executive Officer 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 share during this call that refers to our outlook for the future is a forward-looking statement that must be taken in the context of 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: Thank you Tarun. Good afternoon ladies and gentlemen and thank you for joining us today.

Dish TV added 508 thousand subscribers during the fourth quarter reaching a net subscriber base of 14.5 million at the end of the period.

While a few states remained under the stay granted by respective High Courts, there were others that witnessed a demand surge during the quarter.

We had a well-defined plan in place to target these regions. Our campaign 'Set-Top-Box Matlab Dish TV' had the desired impact while the specially designed sports packs ensured that sports fans didn't go elsewhere during the cricket season. Higher investments behind the brand not only ensured higher brand scores but a stronger brand recall as well. To further strengthen our connect with the customer, we upgraded our existing service infrastructure and enhanced distribution in areas that were not up to the mark. Thus covering newer territories.

We had our share of ups and downs during the year but I am glad that we came out as winners at the end of it all. The fast paced dynamism of technological, regulatory and industrial developments kept us productively occupied and brought the best out of us.

To further enhance the digital TV experience for subscribers, we selected Wyplay's Frog as the Middleware for our next generation Set-Top-Boxes. Wyplay is an HTML5 browser based system and incorporates all features required for traditional linear broadcast TV consumption, on-demand content and applications distributed over the internet.

We witnessed steady growth during the fourth quarter and our key metrics strengthened further.

Healthy subscriber additions and a higher ARPU of Rs. 174 improved the subscription revenues by 12.6% over the corresponding quarter last fiscal. EBITDA of Rs. 2,608 million recorded an 18.1% jump over the corresponding quarter. EBITDA margin was recorded at 32.6% compared to 30.3% in the corresponding quarter last fiscal. Net Profit for the quarter was Rs. 4,828 million as against Rs. 349 million in the fourth quarter last fiscal. The resultant free cash flow for the fourth quarter was Rs.1,047 million.

With the economy showing early signs of pick-up and the Met department predicting an 'above normal' monsoon, fiscal 2017 has started on an optimistic note. So far as the DTH industry is concerned a strong agrarian economy, further supported by government initiatives like 100% village electrification, and prospering urban areas, with 24x7 power supply, shall certainly ensure growth for the industry going forward. At Dish TV, we are well placed to leverage both our existing strengths as well as the opportunities brought in by the macroeconomic environment and are motivated to be well ahead of the curve going forward.

During the year we have recognized deferred tax asset of Rs. 4,360 million out of Rs. 7,500 million of such assets in our balance sheet. To enable the company to declare dividend in future, we are using share premium for write-off of the brought forward losses. With this let me now open the floor for question and answer session.

Moderator: Thank you very much sir. Ladies & gentlemen we will now begin the question and answer session. Our first question is from the line of Vikash Mantri of ICICI Securities. Please go ahead.

Vikash Mantri: Just wanted to understand on the ARPU front, now clearly we have had a very strong quarter in terms of subscriber addition, so our ARPU should have been much better given that we would have at least booked Rs. 18-20 crores in just activation income and that itself would have accounted for more than Rs. 2-3 ARPU jump. So if we were to adjust for that aren't ARPUs flattish.

Rajeev Dalmia: No doubt the quarter gone by was good in terms of subscriber additions but as you are aware that when there is an increase in the number of subscribers, ARPU also depletes to that extent unless that added number of subscribers is bringing enough revenue to compensate. Throughout the year our ARPU would have been better by 2.5% if the additional service tax of say 12.36% to 14.50% would not have been there. And going forward we feel that the ARPU should be better because of the recent price hikes, HD push, pack-mix changes and overall betterment in the economy reflected in the consumer behavior.

Vikash Mantri: Sir on the programming cost side we have also had a sequentially big jump. Can you help us guide on what should we look at that line item going forward?

Rajeev Dalmia: January to March was a very heavy sports quarter hence we had to pay sports specific content to the respective broadcasters, otherwise if you look at it on a Y-o-Y basis, it is a mid-single digit growth.

Moderator: Our next question is from the line of Saurabh Kumar of JP Morgan. Please go ahead.

Saurabh Kumar: My question is on the content cost again. So you have had an 11% increase and again a sequential increase this quarter and you have some negotiations which is coming up in September onwards. So how should we think about your content cost growth for next year and if you would also want to state what is the ARPU growth guidance you will have for next year?

Jawahar Goel: You are aware that TRAI has done some intervention or are expected to come out with some regulation on inter-connect, and on carriage fee paid by broadcasters to the distribution industry. So currently we are good to go for another six months for the existing contracts. We will wait for TRAI's outcome and it looks like the TRAI is quite firm on removing the discrimination of content and carriage. For DTH companies it costs something and to cable companies it is something else. So it is premature to talk about that how much percentage we will be able to live with in next year but one thing we can give that our revenues will grow more than the content cost. The content cost should be within the range of 7-9% growth in absolute terms.

Saurabh Kumar: And if I just go by your volume guidance of 1.5 million, so that is about 10% volume growth.

Jawahar Goel: Well at the guidance level we had done 2.8 million gross basis and 1.5 million on net basis in FY16. Similar or better numbers can be considered for the next year.

Saurabh Kumar: And sir just on ARPU, assuming the service tax is now behind us, so can we now expect 2-3% ARPU growth for next year?

Jawahar Goel: Yes definitely we have to grow 2.5-3% and when the discrimination on the relationship with the DPO and the broadcaster is narrowed down, ARPU will be better.

Moderator: Our next question is from the line of Rajiv Sharma of HSBC. Please go ahead.

Rajiv Sharma: Sir just a couple of questions from my side. What was the CAPEX for this year and what is your guidance for next year and in your submission to TRAI you mentioned about fixed fee kind of model is better preferred to you? Do you think per sub model would have been better if the bouquet thing and other practices come down. So can I understand the rationale behind that?

Rajeev Dalmia: See as far as the CAPEX is concerned it was around Rs. 800 crores and it will be slightly more this year because of the HD numbers going forward should be better or may be more than the last year.

Jawahar Goel: And your next question was on the recommendation which we had done in TRAI submission. This we had done with some strategic reason and we do not know which model TRAI is going to come with. The whole industry i.e. broadcaster, DTH companies, cable companies, everybody is divided in this model and I think we have to wait for the next six weeks for the actual outcome.

Rajiv Sharma: Just a small follow-up sir, on HD if you could highlight what is the current mix base and what is your incremental target and which are the key cities where you would be targeting HD and what is your plan for Mumbai in specific?

Arun Kapoor: HD is 10% of our total net base and 19% on the monthly gross additions, so our total HD subscriber base stands at 1.4 million which is an estimated 21% on the total industry HD subscribers. HD subs are coming from towns primarily from the D42 cities which are the DAS-1 and DAS-2 that is where the key thrust is. We have also launched an advertisement on HD. So this continues to be a key driver for ARPUs going forward.

Rajiv Sharma: And are you equally present in Mumbai with HD or no that is not a focus market?

Arun Kapoor: All metros and top 42 cities are our focus markets. I cannot give you city by city figures.

Rajiv Sharma: And just last question, how has been the traction with Rs. 99 plan and if you can help with your debt numbers as well, thank you.

Arun Kapoor: Net debt is around Rs. 635 crores.

Rajiv Sharma: And traction with your Rs. 99 plan which you introduced this quarter.

Arun Kapoor: Rs. 99 pack which is actually bit misnomer. You have to take three packs. It is actually a Rs. 174 plan. The ARPU is slightly low but we make good margin on this. It is contributing to around 30% of our monthly acquisitions month on month. So it has been a prime driver for acquisitions over the last three months, of course aided by strengthening of distribution infrastructure and cricket.

Moderator: Our next question is from the line of Bhautik Chauhan of Span Capital. Please go ahead.

Bhautik Chauhan: Just a couple of questions from my side. Can you provide some color on performance of current branding initiatives in respective markets?

Rajeev Dalmia: You mean to say how much we have spent during the quarter?

Bhautik Chauhan: Yes sir.

Rajeev Dalmia: It was around Rs. 25 crores as against the Rs. 14 crore in Q3 and going forward we will be slightly higher on brand building.

Arun Kapoor: Huge amount of effort has gone in for the last 3-4 months towards the brand. We have launched 3 campaigns. The first one was for acquisition in DAS markets which was "Set-top-box Matlab Dish TV", very successful. Then there is 'Masala Mar ke" ad and a new campaign on HD. So yes, a lot of money going behind building the brand.

Bhautik Chauhan: How much inventory of boxes do we have in the books?

Rajeev Dalmia: It is around 1 million.

Jawahar Goel: We are reaching the monsoon season and the movement from port to the godowns is disturbed every year. So that is why we had built up this stock.

Moderator: Our next question is from the line of Vivekanand S of Ambit Capital. Please go ahead.

Vivekanand S: I have a couple of questions. One is on the subscriber addition front. So you indicated that net adds will be around 1.5 million for FY17, similar to FY16 numbers. So any particular reason why you do not expect any acceleration in subscriber addition considering that Phase III digitization will pick up and also possibly there could be a regulatory trigger from Phase IV that is one. And secondly there has been a sharp increase in the administrative overheads and other expenses. Can you explain that?

Rajeev Dalmia: First of all increase in administration cost was primarily on account of FOREX loss of Rs. 6 crores and a provision of around Rs. 7.5 crores for the old debtors. If you remove these two items, then we are more or less in line with Q3. What was your next question?

Vivekanand S: On subscriber additions.

Jawahar Goel: See subscriber addition we are not aware when the Delhi High Court will get the files from the various High Courts and you must be aware that 48 cases have been filed in various high courts against the digitalization. The transfer of files to Delhi High Court is taking time. So we do not know if it will take 2 months or 3 months or 6 months. Management has taken a target which is better than this but as a guidance we have to maintain the numbers.

Arun Kapoor: Let me add on a little bit to that. While it is true that the states have gone to court and the stays have been granted, the fact also remains that series of boxes both the DTH and cable continues unabated. Sure enough we do not have a situation of a blackout or anti-piracy happening but boxes seeding continues to happen. This is one. You talked about DAS-4 happening. DAS-4 we do not expect a delay but the implementation of DAS 4 is likely to follow the DAS 3 experiences. So the current state is likely to continue. That is why we are maintaining a guidance of 1.5 million next year which is in line with what we have done this year.

Vivekanand S: Alright. You do not reckon that the subscriber addition could improve any further than what we saw this year if regulatory factors could turn positive?

Arun Kapoor: See if you have a situation where an overnight blackout happens if there is digitization announced, yes sure enough there will be a spurt. But from what we have seen in DAS 1, DAS 2 and DAS 3 we will not have a situation because that could lead to unrest. So sure seeding of boxes will happen but we expect it to happen in the manner it has been happening so far.

Moderator: Our next question is from the line of Nitin Mohata of Macquarie. Please go ahead.

Nitin Mohata: Sir I had two questions, a bit longer term in nature. Firstly, if you look at the industry structure after we get away with the tailwinds from DAS 3 and DAS 4, what kind of a revenue growth rate can we really look at? Do you think 10% to 12% kind of a number is sustainable given the ARPU movement?

Rajeev Dalmia: 12% to 15% is the growth which we are looking for.

Nitin Mohata: And sir that is after the tailwinds from phase 3 and phase 4 markets?

Jawahar Goel: Phase 3 and 4 will continue for couple of years, we think that the DTH industry will grow annually from 12% to 15%

Arun Kapoor: If you just look at some of the numbers. Total households in India upwards 260 million, TV households 180 million with 65% penetration. TV adding 12 million to 15 million sets every year. There will be continued robust growth for the next 5 to 7 years at least on subscribers. Sure two things will happen. One, subscriber will grow. As we go into smaller towns little bit of ARPU will fall down but there will renewed focus on the bigger towns on HD and value added services which will drive up the ARPU. So if you have a situation where you have the current level of subscriber acquisition happening for the next 5-7 years, with the ARPU likely to grow in the 3% to 4% range every year, I think for the next 7 to 8 years this industry growth is going nowhere. It is going to sustain at this current level. So the momentum will not peter out.

Nitin Mohata: And a related question, we know you obviously made the accounting change. What is the timeframe that you are looking for on the dividend payout? Is it an FY17 decision or is it an FY18 decision? What should we work with?

Rajeev Dalmia: This is a difficult question to answer but we are enabling ourselves to declare the dividend. So that is why the formality of adjusting share premium account with the brought forward losses. We should be ready with the policy so that whenever we want we can declare. But there is no particular year in mind right now which we can spell out.

Moderator: Our next question is from the line of Jai Doshi of Kotak Securities. Please go ahead.

Jai Doshi: My first question is if I look at FY16 ARPU growth would have been about 4-5%, may be even adjusted for service tax. And we added Rs. 174 pack in the last quarter. Now with that pack contributing 30% to incremental additions and Zing contributing another probably 20% to incremental additions, are you confident that this 2.5-3% ARPU increase, is there any risk to that number if your contribution from these lower ARPU packs remains.

Arun Kapoor: Let's look at 2-3 things. While it is true that Rs. 99 pack has a slightly lower ARPU than the Zing. The fact also remains that 20-21% of our monthly gross adds are also coming from HD and the HD subscriber base stands at 1.4 million. That is first. The second one is that the price increase benefit came to us only for one month which is the month of March. From. So yes, to reiterate we see ARPU growing at the rate of 3% to 4%.

Jai Doshi: Second question would be sir you indicated EBITDA margin range of 35% next year, which is about 200 basis points higher than what you delivered this year and with the contract renewals pending. So is that right or would you want to add something?

Jawahar Goel: We already had 34% in Q3FY16 and 33.5% on an annual basis. So with some amount of cost optimization we can easily achieve 35% but we really need to keep our fingers crossed because we have long year ahead and we have a lot of new things happening in the industry.

Jai Doshi: And a last small one, what is your assessment of STB set-top-box requirement pending for phase 3? So how much of opportunity is yet to be addressed in your view?

Arun Kapoor: When DAS-3 started the estimate was that this market has 50 million boxes, 50 million consumers, 30 million were already taken up and there were 20 million to be won which would have gone either to cable or DTH. The latest estimates released by TRAI indicate that 43-44 million boxes have been seeded. So about 7 to 8 million remains.

Moderator: Our next question is from the line of Sumeet Rohra of Emerging Market Advisors. Please go ahead.

Sumeet Rohra: Sir I just had a couple of questions, can you tell me what is the full year free cash flow which you have generated? Secondly, I wanted to understand, if I understand correctly you have taken a price hike I think in the month of February or March, so how do you basically see that flowing through into ARPU going ahead sir?

Rajeev Dalmia: See the free cash flow for the whole year was around Rs. 385 crores.

Arun Kapoor: On the ARPU you are right, we have got only one month. So going forward the price hike impact would be felt for the full year but there are a couple of other things which are also happening. Fair amount of focus is going on HD which gives us an ARPU of about Rs. 380. So going forward in FY17 we expect an ARPU growth of 3% to 4% over last year.

Sumeet Rohra: And sir one more thing, if I understand you said your total debt was Rs. 635 crores, right, if I heard that correctly?

Rajeev Dalmia: Yes, net debt is Rs. 635 crores. It would have been less but for the huge number of boxes being in stocked that is why in the last 2 months it has gone up by 85-90 crores, otherwise it would be lesser by that.

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

Kunal Vora: I have two questions. You created a sizeable deferred tax asset this quarter. Over what period will this asset be utilized and how do we look at the tax rate for fiscal 2017? Second is in terms of your new boxes, are most of these MPEG-2 or MPEG-4? If I am not mistaken high definition on MPEG-4 now. What is the thinking on completely moving to MPEG-4 at some stage and are there any operational issues in managing both these technologies?

Rajeev Dalmia: See deferred tax in total is around Rs. 750 crores out of which we have taken Rs. 436 crores. Balance amount will be used in the current year and some amount will be used in the next year. The tax rate in the current year will be full tax rate as we have exhausted our tax losses in the year gone by.

Jawahar Goel: Coming to the question of MPEG-2 and MPEG-4, you are right that high definition boxes are all MPEG-4. For last three years we are only buying and seeding MPEG-4 boxes. Going forward we will be procuring all the boxes which are high definition compliant and also we are working on hybrid boxes in which the consumer will be able to access the online content, full content by connecting internet.

Kunal Vora: Okay, so would you be able to provide a mix of like how many are on MPEG-2, MPEG-4 and are there any operational issues? At some stage would you look at move completely to MPEG-4?

Jawahar Goel: See these are not two separate technologies. MPEG-4 boxes are MPEG-2 compliant, backward compliant. When we are seeding MPEG-4 boxes obviously the MPEG-2 universe is shrinking as MPEG-4 universe is higher, almost 65% of subscriber base are having MPEG-4 boxes. And the newer content when we add to our platform we are using the MPEG-4 encryption. And once the universe is matured over the period we will gradually shift the channel from MPEG-2 to MPEG-4.

Moderator: Our next question is from the line of Yogesh Kirve of B&K Securities. Please go ahead.

Yogesh Kirve: Sir if you look at your balance sheet, our fixed assets have gone up by about Rs. 470 crores and the annual depreciation stands at about Rs. 590 crores, so it seems our gross fixed assets have gone up by about Rs. 1050 crores. So firstly am I right in these calculations and secondly how does this reconcile with the Rs. 800 crore CAPEX that we are talking about?

Rajeev Dalmia: See first of all the balance sheet figure is adjusted to the FOREX that is available as on 31st March but we have purchased assets throughout the year. Yes, there is a difference in the amount. Plus a lot of CAPEX is also hedged, so there is a separate accounting for hedged CAPEX and the figures are all in line.

Yogesh Kirve: Is it possible to share what was the capital work-in-progress figure as of 31st March?

Rajeev Dalmia: It will be in the range of Rs. 650 to Rs. 700 crores, the total WIP.

Yogesh Kirve: Again talking about balance sheet or gross debt, our long-term loans seem to have gone up. So it seems there has been some refinancing of short-term loans and maturing loans, so can you talk about how the fresh debt profile is looking like in terms of mix and what should be the cost of debt?

Rajeev Dalmia: The total debt is Rs. 1200 crores and net debt is Rs. 635 crores. Most of the debts are maturing in the next 2 years. Though the current year is very light we will be paying around Rs. 325 crores in the next year. And we feel that by 2018 we will be quite light in terms of the overall debt situation. As per as the cost of debt is concerned including the rupee debt we are around 9-9.5%.

Yogesh Kirve: And what is the foreign debt as of now as a percentage of total?

Rajeev Dalmia: Foreign debt is around $135 million out of which $75 million is hedged.

Moderator: Next question is from the line of Bijal Shah of IIFL. Please go ahead.

Bijal: Two questions. First, can you just clarify that when you guided 7% to 9% will be absolute increase in the content cost, does it take into account some kind of order which is in favor of DTH or in favor of distributors or it is based on the current conditions right now, so irrespective of what is going to be the order of TRAI on the content part we will see 7% to 9% increase in the content cost?

Jawahar Goel: This is how we stand and how we have been practicing in the last few years. We do not know how the regulatory intervention will happen but definitely the regulation will be eliminating the discrimination in terms of the content cost and the carriage fee. So I feel that the regulation will be more in favour towards DTH companies which are contributing large part in broadcaster revenues. More than that it is too early to discuss on this context.

Bijal: Okay, so that is useful. And second is when we say our margins will improve, so we will be adopting IND AS from 1Q of FY17, so that margin improvement is broadly technical or we are talking about a like to like improvement in margins of around 150 basis points?

Rajeev Dalmia: See it is more or less like-to-like because the broad framework of IND AS is still not in place and we will be affected only on two accounts, one is of course the revenue recognition and second will be FOREX transactions and loans. We have now factored that into the numbers.

Bijal: So that is the change in accounting on account of IND AS can have negative or positive impact over and above that.

Rajeev Dalmia: Yes, that's right.

Bijal: And just slight follow-up on that, the debt number which is there, will it see a substantial increase, moderate increase, no increase or reduction if you can give us some sense on that?

Rajeev Dalmia: Debt has to go down only in the next 2 years.

Bijal: I am asking on account of IND AS.

Rajeev Dalmia: Whatever foreign exchange fluctuation we are routing through balance sheet we will be route it through profit and loss account. But the actual debt number will not be changed.

Moderator: Our next question is from the line of Amit Kumar of Investec Capital. Please go ahead.

Amit Kumar: I wanted to know your carriage and advertising revenue stream.

Rajeev Dalmia: It was around Rs. 50 crores for the full year and Rs. 15 crores for the Q4.

Amit Kumar: So that will be the advertising. What about the bandwidth income as well?

Rajeev Dalmia: Bandwidth was Rs. 105 crores for the year and Rs. 27 crores for the quarter.

Amit Kumar: Just a quick one on your standalone financials. On a Q-o-Q basis again we see your standalone revenue actually declining, I think this point was raised in 3Q as well, I mean what is going on if you could just explain that bit to us please?

Rajeev Dalmia: We have to look in combination with the infra otherwise we will get a wrong picture because there is some revenue sharing happening between Dish Infra and Dish TV.

Amit Kumar: Yes, but that revenue sharing would have been decided at the beginning of the year, right when you sort of separated subsidiary. I mean has there been any change in that logic?

Rajeev Dalmia: It is highly led by the number of activation, so the quarter in which we have a huge number of activation naturally Dish Infra will get more share of revenue because all the activation related activity is being done by Dish Infra and whenever we have less activation the balance will tilt in favor of Dish TV.

Amit Kumar: Okay, the entertainment tax booked in the P&L for FY16?

Rajeev Dalmia: It is around Rs. 160 crores.

Moderator: Next question is from the line of Ronak Marjaria of Edelweiss. Please go ahead.

Ronak Marjaria: Can you just help me out with what was the subscriber acquisition cost for this quarter and full year?

Rajeev Dalmia: It was around Rs. 1450 and the average of that will be 1,500.

Ronak Marjaria: And what would be the subsidy you would be giving on the CPE?

Rajeev Dalmia: Subsidy is 1,000 because we have three kind of boxes now, so if I combine these, it is around Rs. 1,000.

Ronak Marjaria: And the cost CPE would be around Rs. 2300 only, right?

Rajeev Dalmia: Rs. 2,250 was the average.

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

Vikash Mantri: Can you please share the revenue break up?

Rajeev Dalmia: For the quarter the subscription revenue is 741, lease rental is 7, teleport is 5, bandwidth 27, advertisement 15, other operating income 3.

Vikash Mantri: On the programming cost, we have renegotiations coming up in the second half of this year FY17, what do you think will be the increase in that? Will it be a stepped out function? Should we factor in that or any help on that will be great?

Jawahar Goel: As I have told you that now regulatory invention is going on, a little on and off discussion is going on. I don't think that in our content cost in absolute terms in this year that much difference will be there what it was earlier roughly around 10%.

Vikash Mantri: Sir in existing scenario big distributors were having advantage. You are enjoying benefit from this and the smaller guys were complaining and that is why this transfer in the same might actually hit us because we know the industry better and we have been getting the best rate in any which ways.

Jawahar Goel: Vikash ji look wherever the discrimination is it should be disseminated and other broadcasters are there that company is also big so let us wait. Please wait for six weeks.

Moderator: We will be taking our last question now. It is from the line of Ratan Juneja of Marigold Ventures. Please go ahead.

Ratan Juneja: I have two questions. The first question is on Wyplay, are we going to manufacture the set top boxes and is the set top box going to have an OTT application?

Jawahar Goel: We have a middleware which was coming from another vendor when we started the operation. Now the HTML file and browser these are becoming more prominent solutions. That is why we have taken them as a partner providing the solution. #2 the company has no plan in getting into manufacturing because that is not our core business, it is incidental to our business. Definitely there is gap in the taxation, import duty and the domestic production. We have arranged the existing manufacturer, they will come and produce in India. And third is the OTT capability is there in the Wyplay but that box will be slightly expensive which will be for a niche market and we will introduce in the fourth quarter.

Ratan Juneja: My second question is what is the status of the DTH license that was expected to be renewed and the license fee to come down from 10% to 8%?

Jawahar Goel: The DTH Association has been following up this matter, so are we. In the month of June or July license of the second DTH Company will also be due for renewal. So I think by the month of July there will be a decision on license fees and renewing the license. The government has not taken the decision yet. We have a new secretary MIB join 3 weeks back and probably they will look into this. On the interest clause all DTH companies have raised the matter before TDSAT. The hearing is somewhere in August-September. So there is no movement yet, but we are paying the license fees as per the court order.

Ratan Juneja: Last question is that, are we going to provide income tax into our books this year at the full rate?

Rajeev Dalmia: Yes, we will be providing income tax as per the usual rate during the current quarter.

Moderator: Thank you ladies & gentlemen that was our last question. I now hand the floor back to Mr. Tarun Nanda for closing comments. Over to you sir.

Tarun Nanda: Thank you once again for joining us ladies & gentlemen. We soon hope to have the transcript of this call uploaded on our website www.dishtv.in. Look forward to speak to you again at the end of the first quarter of fiscal 2017 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.