



## DISH TV INDIA LIMITED

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### 2Q FY16 EARNINGS TELECONFERENCE OCTOBER 27, 2015, 4.30 P.M. INDIA TIME

**Moderator:** Ladies and gentlemen, good day and welcome to the Dish TV India Limited Q2 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 \* then 0 on your touch tone 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 today to discuss the results of Dish TV India Limited for the second quarter ended September 30<sup>th</sup>, 2015. 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. Rajeev Dalmia – CFO and Mr. Salil Kapoor – COO.

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 the outlook for the future is a forward-looking statements 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 for investors and analysts only.

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

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

Dish TV added 338 thousand net subscribers during the second quarter reaching a net subscriber base of 13.7 million at the end of the period. The second quarter was yet another period wherein our subscriber growth, both at the gross and net level, was the highest in the industry.

Our consolidated operating revenues of Rs. 7,524 million, up 15.8% Y-o-Y and subscription revenues of Rs. 6,926 million, up 16.5% Y-o-Y were despite the full quarter impact of the increase in service tax from 12.36% to 14% with effect from June 1, 2015. Excluding such impact, the revenue growth would have been even higher at 17.7% for operating revenues and 18.4% for subscription revenues.

Excluding the impact of service tax increase, ARPU for the second quarter would have been Rs. 174 as against the reported number of Rs. 171.

The second quarter EBITDA stood at Rs. 2,550 million compared to Rs. 1,619 million in the corresponding quarter last fiscal. Profit after Tax (PAT) for the quarter was Rs. 870 million compared to a loss of Rs. 142 million in the corresponding quarter last fiscal.

We continued to be free cash flow positive and recorded FCF of Rs 849 million for the quarter. Churn for the quarter increased marginally to 0.8% p.m. compared to 0.7% pm in the preceding quarter.

Dish TV continued to actively contribute to the 'Digital India' movement by digitizing analog TV homes in DAS phase 3 & 4 markets. Our regional offering 'Zing' is now available across 8 states and continues to be in high demand in its target markets. Dish TV high-definition (HD), with its channel count standing out distinctly compared to other HD products in the market, remained a star performer during the quarter.

Sticking to our guiding principle of growth with profitability, we enhanced operational efficiencies in the business and are pleased with an all-time high EBITDA margin of 33.9% recorded during the quarter. As we move ahead, we stay convinced about our pole position being related to our value for money offering and intend to constantly work on it for long term sustainable growth.

Post a successful stint of over five years, Mr. R.C. Venkatesh, CEO of the company will be stepping down as the Chief Executive Officer and key managerial personnel effective end of business hours on October 31, 2015.

On behalf of the Board of Directors and the entire company, I would like to thank Mr. Venkateish for his outstanding work and leadership in continuing the growth and success of Dish TV. Venki ji's term as chief executive has been marked by outstanding business performance and exemplary leadership in the challenging environment the DTH sector operates in. He led the company with strength, resolve and passion. I am sure, the Company shall benefit with his continued association with us in an Advisory role in areas relating to content, legal and regulatory affairs going forward.

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

**Moderator:** Thank you very much sir. Ladies and Gentlemen, we will now begin the question and answer session. Our first question is from the line of Sachin Salgaokar from Bank of America. Please go ahead.

**Sachin Salgaokar:** I have two questions. First question is on management change, wanted to understand the transition towards new CEO, any candidates in mind, whatever you could share? And if you could share your thoughts or reasons for stepping down?

**R. C. Venkateish:** Well, as far as the new CEO is concerned, that is a decision which will be taken by the Managing Director and the Board of Directors and they are sure discussing and contemplating about it. As far as my move is concerned, it is driven more by my own personal desire to have a more flexible professional career going forward, I will continue to be associated with Dish TV in an advisory role and certainly will be available to the management of Dish TV for any sort of assistance and advice that they might need going forward.

**Sachin Salgaokar:** And anything to add from the other management on potential CEO candidates or by what time we could have a new CEO?

**Jawahar Goel:** We both were leading the company together and will continue to do that. Of course Mr. Venky, as I call him as a friend, is always available and will be associated as an advisor. I will be running the show for some time till we make a suitable arrangement.

**Sachin Salgaokar:** And my second question is on ARPU if we look in 2Q, despite the tariff hike and even adjusted for services taxes the ARPU growth was slightly weaker so wanted to understand the reason for that and if there are any changes for your full year ARPU guidance of 6% to 7% growth?

**R. C. Venkateish:** Yes, as I said there was this impact of service tax, and actually the service tax impact was felt fully in this quarter even though the service tax technically came from the 1st of June and that is because we work on a prepaid model, so let's say at the end of May 31st we are already holding close to about 270 crores of advance paid by the customers which will be booked and monetized as revenue in June and on that amount we paid only 12.36% because it was collected before May 31st. Because of that the entire impact came on this quarter and as we have mentioned in the note ARPU would have been Rs. 174. It is a little bit lower than what we would have liked but again the issue is that the bulk of the subscribers that we are getting now are from Phase-III and IV cities in terms of new acquisitions and the mix is generally offset by the HD. So from quarter-to-quarter there was some volatility because in the first quarter and in the previous quarter, before that we had a fair amount of cricket and other things which also draw up the HD numbers, so the HD contribution in Q2 was slightly lower which we expect to get corrected in Q3 because of the festive season and so there is a little bit of volatility. As far as the full year guidance is concerned, 6% to 7% on a like-to-like basis, if you take the old service tax at 12.36%, is achievable but on a reported basis including the impact of the increased service tax our guidance would stand lower to around 4.5% to 6%.

**Moderator:** Thank you. Our next question is from the line of Abneesh Roy from Edelweiss. Please go ahead.

**Abneesh Roy:** Sir, my first question is if I see the results of the three DTH companies, your churn rate has been fine, there is some uptake but in the other two DTH companies I am seeing a sharp uptick quarter-on-quarter in terms of a churn, anything which has changed and which is becoming a risk factor or something which can get worse because trend suddenly has turned worst in terms of churn rate for the other two players?

**R. C. Venkateish:** I would not read too much into that Abneesh. If you see actually the issue on the higher reported churn largely has got to do with the drop outs from cricket. We had a world cup this year which is an event which happens once in four years and then we have had that followed by the IPL. So a lot of floating subscribers who come in during that period tend to drop off. Now they reflect in churn with the lag effect because churn was counted at 120 days plus and that is probably the reason why you are seeing that sharp drop off, this is basically we had overdose of cricket in the first six months so it was a bit of hangover of that. I do not think there is any change in the churn dynamics in the industry as such and because we have a more rural base we were less affected than the other two players in question.

**Jawahar Goel:** Abneesh to add on here, with the digitalization campaign done by all the broadcasters and the government and TRAI, it looks like that December is going to be a significant date for the Phase-III digitization. So the churn should actually come down, we had experienced this in Phase-I and II, when the churn was more than 1% per month. So I think the churn phenomena should come down and when the cable companies start counting their inactive boxes and churned boxes the phenomena will further come in favor of the DTH companies.

**Abneesh Roy:** Sir my second and last question is on the ARPU, so if you could give a breakup of how much was subscriber addition from HD and Zing and in Delhi this e-tax increase from 20 to 40, has it been passed on by all players including you? And like-to-like you said 180 was the ARPU in Q1 if accounting change is not taken into consideration, so what is the like-to-like ARPU this quarter if accounting change and service tax increase both are removed?

**R. C. Venkateish:** If the service tax increase is removed you basically get another 1.6% in the ARPU, so it should be more like 182. The entertainment tax in Delhi, we have already had a differential price in Delhi and along with the price increase that we have taken, we have increased the prices in Delhi on two counts, one on the back of the price increase and second on the back of the differential pricing. So for us that has covered the additional cost of the entertainment tax.

**Abneesh Roy:** Other players have also taken in Delhi?

**R. C. Venkateish:** I think if I am not mistaken one or two players have taken, not all of them.

**Abneesh Roy:** And sir HD and Zing?

**R. C. Venkateish:** See, Zing traction has picked up especially with a launch in Kerala, so today Zing contributes up from 22% earlier to almost about 23.5% now. HD this quarter was slightly soft because we are coming after two strong quarters where we had a lot of cricket. So the HD contribution for this quarter was down to around 20.5%, but in this festive quarter we expect that to pick up back.

**Moderator:** Thank you. Our next question is from the line of Vikas Mantri from ICICI Securities. Please go ahead.

**Vikas Mantri:** My question is on the ARPU equation, I have two points to make here. One is the service tax has seen similar impact for all players but we have seen that other two players who have reported numbers have either reported flattish or increase in ARPU whereas we have not seen that in case of Dish .

**R. C. Venkateish:** The way we report ARPU is on pure subscription numbers, the way the other players report ARPU is on total top-line revenue including advertising sales, bandwidth charges and everything and in the case of one player they even gross it up for the distributor margins, so you are not comparing apple to apple.

**Vikas Mantri:** In your case you take a portion of your activation revenues in the subscription revenues and your subscriber additions in this quarter is the highest among peers, I would have personally assumed or estimated a higher growth in ARPU because of that reason.

**Rajeev Dalmia:** The proportion of activation revenue in the overall ARPU is going down day by day because of the higher subscription revenue in terms of percentage and in absolute amount.

**Vikas Mantri:** Fair enough sir, I will take it offline. Second question is on the content, now I have been positively surprised on the content, while I was expecting muted growth as you have always guided because of our negotiations, a decline is very-very appreciable. Can you help us understand that and maybe is there a possibility that

we need to cut down our annual numbers because you are able to manage that cost even better?

**R. C. Venkateish:** Yes, absolutely. The Logic for the decline is very simple, if you recollect TRAI had increased prices by 27% and TDSAT had actually suspended that increase which was subsequently appealed by the broadcasters in the Supreme Court and the Supreme Court also upheld the TDSAT order and therefore we had the opportunity to revert some of our deals which were either Rio based or Rio inked deal reverted in terms of that increase and that is why we got the benefit. It all depends on the kind of deals that you have with the broadcasters, if you have fixed fee then obviously you do not get any benefit of that or if you have not linked your deals with the RIO rate which we had done in most of our cases. So we straight away got that benefit and that benefit will sustain going forward.

**Vikas Mantri:** Also, is there a benefit because now we calculate our subscription revenue net of commissions and any amount paid as a variable to subscription revenue or ARPU will also reduce our content payouts?

**R. C. Venkateish:** On the contrary, content as a percentage will go up because of the reduced top-line.

**Vikas Mantri:** One more question if I have time permitting on the depreciation side, now depreciation was much lower this quarter, can you help us understand why? And also I am not able to understand the quantum of depreciation.

**Rajeev Dalmia:** Depreciation has three elements, one is the foreign exchange adjustment because all the set-top boxes are imported on a dollar basis. Number two, we have a write-off policy, you may be aware that we have already written off 4.5 million boxes on the basis of that 500 days policy. And third is there are some boxes which are not yet installed but already provided to the distributor, though the number is less but it is also part of the depreciation that means write-off policy. So these three taken together are totally different than a very straight line method of 20% on a gross basis, so it will change on a quarter-to-quarter basis.

**Moderator:** Thank you. Our next question is from the line of V Subbaraman from Ambit Capital. Please go ahead.

- V Subbaraman:** One question is pertaining to the press release where you mentioned that operating revenue and subscription would have grown by 17.7% and 18.4% year-on-year if it had not been for the service tax change. So effectively this implies that your operating revenue and subscription revenue should have been higher by 5%. I am not able to understand how to reconcile this with the reported number?
- R. C. Venkateish:** If you divide the current revenue by 0.9836 then take the resultant number and divide that by the previous number you will get 17.7 and 18.4, that is how we have to do the calculation.
- R. C. Venkateish:** So it would have been 706 crores instead of 692 as reported, we divide 706 divided previous year same quarter's number which was about 554 or something you will get to that number.
- V Subbaraman:** Maybe I will take this offline. My second question is on the revenue split, can you help me with that.
- Rajeev Dalmia:** Subscription revenue is Rs. 92 crores, lease rental 11 crores, teleport 5 crores, bandwidth 27 crores, advertisement 11.5 crores and rest is 5 crores.
- V Subbaraman:** And sir what is the subscriber acquisition cost for the quarter?
- Rajeev Dalmia:** Rs. 1,725.
- Moderator:** Thank you. Our next question is from the line of Aditya Soman from Goldman Sachs. Please go ahead.
- Aditya Soman:** Two questions from my end, firstly on the depreciation again, I think in the previous quarter you had guided that full year depreciation will be about 650 crores, so does that guidance still hold? Secondly on your interest cost that has gone up by about 68 million quarter-on-quarter so what should that number be on a full year basis and going forward?
- Rajeev Dalmia:** In interest cost we have an element on provision of license fee that is moving because of the higher provision of license fee on a quarter-on-quarter basis. Some amount of interest is also going up because we are converting our loan into rupee



loan to avoid the foreign exchange fluctuation, like today we have 1,372 of loans out of which 145 million is dollar and the balance is rupee loan. So there is some element of rupee interest because of which it has gone up by 2.5 crores and some element of interest provision on licensee in the last quarter because of which it has gone by 84 crores. And depreciation, our guidance was based on a particular level of rupee, rupee slightly strengthened I would say as per our understanding, if it remains at this level then it will be between 600 to 625.

**Aditya Soman:** And just on interest cost, so your total net debt at the end of this quarter was what?

**Rajeev Dalmia:** Net debt will be Rs. 1370 million minus cash and equivalents which is around 500, so it is Rs. 870 million.

**Moderator:** Thank you. Our next question is from the line of Vikram R from Maybank Securities. Please go ahead.

**Vikram R:** My question is regarding the debt levels, they seem to have increased to 750 crores, any particular reason why debt has increase so much?

**Rajeev Dalmia:** See, in this quarter the debt has gone down by 140 crores almost and the year-end guidance is that it will be around 1,250 to 1,300 crores and it will continue to be down by the 25 crores to 50 crores in the next two quarters, it has not gone up.

**Vikram R:** Alright. On subscriber additions, can we assume that the subscriber addition for the next quarter will be higher given the festival season and the end of Phase-III?

**R. C. Venkateish:** Absolutely, I mean if you see the pattern of DTH right through the years, first half addition typically accounts for about 44%-45% of the full year addition and second half is around 55%-56%. So we would see that same seasonality playing out, so the third quarter is the festive season so things will be better and in this fourth quarter hopefully if the digitization is on track then we should see some bump up because of that as well.

**Moderator:** Thank you. Our next question is from the line of Dipesh Mehta from SBI Cap Securities. Please go ahead.

**Dipesh Mehta:** Just to get more color about ARPU and we suggested around 4.5% to 6% kind of uptick now we expect including service tax?

**R. C. Venkateish:** Yes.

**Dipesh Mehta:** If you can provide some color which would help us to get some sense how it would pan out in the next two quarters. Second question is about employee expense, this quarter it dipped, even if you adjust for last quarter's gratuity related revaluation and other adjustment, if you can provide some color there as well.

**R. C. Venkateish:** On the ARPU as I said now we are looking at say 4.5% to 6% or even if you take around 5% on average then we should exit on around Rs. 178 or 179.

**Dipesh Mehta:** Is this Rs. 178 or 179, that you are saying comparable to the Q2 reported number?

**R. C. Venkateish:** Yes, that is right.

**Rajeev Dalmia:** And as far as employee cost is concerned, there was one more element of bonus which is not there in the first quarter.

**Moderator:** Thank you. Our next question is from the line of Rohit Dokania from IDFC Securities. Please go ahead.

**Rohit Dokania:** Just two questions from my side, one would be if you actually look at Q1 almost 30% of our consolidated revenue was booked in our subsidiaries and in Q2 almost 20% has been booked there. Just wanted to understand what really drives the amount of revenue that gets booked in this subsidiary?

**Rajeev Dalmia:** It is highly competitive, we can take this offline.

**Rohit Dokania:** The other question was, if I look at one of your competition who has probably in second half FY15 gone through content renegotiation, his content cost post renegotiation is going up by (+30%), I think bulk of our content negotiations are in second half of 2017. So once we also enter those renegotiations do we see that high kind of an increase post that or for us it could be very different than what it is for the competition?

**R. C. Venkateish:** If you look at our track record on the way we have managed our negotiations over the last few years, we do tend to not give away that much in fact.

**Jawahar Goel:** Actually the construct of the industry is not in favor of DTH, so I think everybody has now realized that the money is there, leaving the money on the table somewhere else and then coming to DTH operator. Our content cost has come down from 78% to 27% so you must give us some credit on that account.

**Rohit Dokania:** And just I could sneak one small one, could you just tell us how much was the like-to-like ARPU for FY15 as per the current accounting?

**R. C. Venkateish:** Do not have the number handy.

**Rohit Dokania:** No problem, I will take it offline.

**Moderator:** Thank you. Our next question is from the line of A. Upaganlawar from Elara Capital. Please go ahead.

**A. Upaganlawar:** Just wanted to have some comments from you on the Phase-III digitization progress and why cannot the number of additions, I mean if it is enforced properly can it go beyond the 1.6 million net adds? And if not this next six months maybe in FY17 if it goes through can the number be much higher than what we have been guiding?

**R. C. Venkateish:** Yes, certainly there is room for us to do much better because first half we have done 728,000 so that is if you double that it will be coming up to 1.5 and with the kicker of digitization as well as the fact that the second half contributes typically around 55% there is no reason why we could aim for that. But the whole thing is on the implementation and execution, we never know, in November the government might decide to push a bill though there is no such indication. If there is human cry and people want an extension of three or six months these things are imponderable.

**Jawahar Goel:** Also there is a reason why we are making this statement since many interconnect agreement have not been signed with the local MSO and the broadcaster. So that's why we are slightly conservative in putting some numbers on the digitalization.

- A. Upaganlawar:** Now sir just taking this forward, if maybe even with a delay this things happens, a push comes from the government maybe then next year what can be the potential adds if actually there is a big push from the government on this, assuming that the share for us in the DTH industry remains the same, just trying to get a sense of how you think maximum potential of adds can be next year?
- R. C. Venkateish:** It is still too early for us to give a firm guidance, I think by end of Q3 is when we will have a better picture to actually give a proper guidance for the next fiscal.
- A. Upaganlawar:** Sir I had another question on the license fee, any progress on the license fee thing that has been pending for so long after what we spoke last quarter maybe?
- R. C. Venkateish:** No, it is still stuck in the court.
- A. Upaganlawar:** But we are confident it would be maybe 8% can be a reasonable number that we will have?
- R. C. Venkateish:** We continue to provide as per the judgments.
- Moderator:** Thank you. Our next question is from the line of Srinivas Sheshadari from Antique Stock Broking. Please go ahead.
- S. Sheshadari:** The first question was on the content cost, sir you earlier mentioned that there has been some accounting for the kind of cancellation of rate hike, so has been some retrospective element in that or all the things have been done?
- R. C. Venkateish:** There is small amount of retrospective because we had this judgment around June.
- S. Sheshadari:** Can it be quantified, like what amount would be pertaining to prior quarters, just to get a better understanding.
- R. C. Venkateish:** 3 crores to 4 crores.
- S. Sheshadari:** And secondly sorry, I missed the part on the employee cost, you mentioned it is relating to the gratuity provisioning but just to model what kind of numbers should we take, is this a right number or average of the first two quarters, how should we model the employee cost?

- Rajeev Dalmia:** It should be Rs. 125 crores for the year.
- S. Sheshadari:** And just if I can squeeze one more, basically any updates on the international operations like how they are going and when we can see commercials?
- Jawahar Goel:** We will take this next time.
- Moderator:** Thank you. Our next question is from the line of Rajeev Sharma from HSBC. Please go ahead.
- Rajeev Sharma:** Couple of questions from my side. First, you mentioned on the content cost that some broadcasters went and implemented, so did you mean that some implemented this TRAI 27% inflation and then post judgment that came down because I thought my understanding was none of them implemented, they were waiting for clarity from the courts on this and some did not go RIO. And second is, how should we model the scenario around Phase-III, if there is a bump up in your subscriber volume growth then will the ARPUs really increase by 179 or to 179 or 178 or will there be dilution because this volume growth will be in the Phase-III market, some of them are very small markets. And you have taken some price increase, is all already captured, and monetized or there is something which is still to be extracted for the market and what were the CAPEX numbers this quarter and what is your guidance for the full year?
- R. C. Venkateish:** The 27% hike came in two phases , one phase came first at 15% bump up which was in April of 2014 and the second entry is of 12% came from January of 2015. All the broadcasters have taken the RIO up first in April 2014 and then second in January 2015. I do not know if any broadcaster would leave 12% or 15% increase on the table.
- Rajeev Sharma:** And how should we imagine the DAS scenario Phase-III if the volume growth goes up, what happens to ARPU and what happens to your cost that time?
- R. C. Venkateish:** Basis our own modeling we are comfortable with the voice guidance, net of service tax which is 4.5% to 6%.

- Rajeev Sharma:** And do you think your margins have peaked out in terms of unless the external factors come in like GST or favorable ruling on licensee fee and all, this should be the steady state with 50 basis points here and there, and lastly on the CAPEX numbers and the guidance for this year, this quarter spent and the guidance for the full year?
- R. C. Venkateish:** No, I do not think we can say that the margins have peaked because we have operating leverage, we are able to hold our content cost at those levels at which we are holding it right now, we have top-line growth so there is still room for margins to expand without the GST and the license fee factor, those are bonuses. So I do not think we would look at this as our peak margin, there is still room for us to expand.
- Rajeev Sharma:** And then your CAPEX spend this quarter and guidance for the full year?
- Rajeev Dalmia:** It was 175 crores for this quarter and the annual will be around 750 to 800 based on the rupee-dollar parity.
- Rajeev Sharma:** And how much you have inventory of boxes?
- Rajeev Dalmia:** It is around 750,000.
- Moderator:** Thank you. Our next question is from the line of Yogesh Kirve from B&K Securities. Please go ahead.
- Yogesh Kirve:** Sir we seem to be very efficient in content deal so our quarterly programming cost works out to somewhere around 203 crores whereas for one of our competitor it works to about more than 250 crores despite that operator being smaller in terms of revenues and subscribers.
- R. C. Venkateish:** 203 crores includes other cost as well, it is not just content cost.
- Yogesh Kirve:** You are saying that numbers are not really comparable?
- R. C. Venkateish:** No, 203 crores is programming cost plus other cost, we include cost of the license fees for the middleware as well as the conditional inscription system, so the actual pure content cost is lower but due to competitive reasons we do not publish that.

- Yogesh Kirve:** Sir so that seems to suggest that we are even more efficient in terms of content cost, sir my question was for a smaller operator than us the content cost is working out higher almost more than 250 crores versus our 203 crores.
- Jawahar Goel:** No, this is a lifecycle some operators paid less in the initial years and are paying higher now and few others paid higher and have now moderated. So it is a lifecycle and relationship, so let us not discuss and we are not privy to others numbers.
- Yogesh Kirve:** But will we be able to maintain the competitiveness in terms of content cost vis-à-vis the competition at large on a sustainable basis going forward?
- R. C. Venkateish:** See we have already stated earlier that our content deals are in place till the third quarter of calendar year 2016, so at least for the next year we do not have any major renewals. Even after that the renewals were staggered up till March 2018 so overall you can expect that with good visibility you will not have any dramatic escalation on content cost.
- Moderator:** Thank you. Our next question is from the line of Ratan Juneja from Marigold Ventures. Please go ahead.
- Ratan Juneja:** My question is on DishFlix, what are the kind of additions that we have, bookings that we have made for DishFlix last quarter which was for about a month and seven days? And the second question is, eventually after a couple of years or four or five years what is the percentage of Dish TV customers you expect them to add on DishFlix?
- R. C. Venkateish:** See, it is a new concept, we are currently only test marketing it in a limited number of cities in limited number of outlets, we have to also make sure that the entire back end and the whole system is functioning flawlessly before we roll it out on an aggressive basis. Having said that, the initial expectations have exceeded our expectations. The premium product which is priced at around Rs.6,000 and proportion to that the response has been very good, we do not breakout those numbers at any point of time and neither am I positioned to share four or five year futuristic outlook. We will update you on this product as we go along.
- Ratan Juneja:** Is this proprietary technology?

- R. C. Venkateish:** Well, not proprietary but the system through which we are delivering it is certainly proprietary and it is something called push VOD which has not been attempted on such a scale before anywhere in the world. As I said the concept is not new but to attempt it on such a mass scale is certainly new.
- Ratan Juneja:** And what is the future of the product?
- R. C. Venkateish:** For a country like India the product is very well positioned because it obviates the need for internet and bandwidth and you give instant experience.
- Ratan Juneja:** And can you please explain me the standalone numbers reported in this quarter which is 598 crores versus last quarter of 510 crores, I could not fathom such a huge 18% jump quarter-on-quarter between Q2 and Q1.
- Jawahar Goel:** No, there was an element of high sea sales of 84 crores that is why there is a jump. Dish TV sold 84 crores of material to Dish Infra and that is why the standalone number is slightly higher, but it is negated in the consolidated number because it is an internal subsidiary transaction.
- Moderator:** Thank you. We will be taking the last question from the line of V Subbaraman from Ambit Capital. Please go ahead.
- V Subbaraman:** Now that BARC's data also covers rural household where I presume that DTH will have a significant edge over cable once digitization gets completed, is there any scope or is there meaningful scope to take add revenue increases and also carriage on your platform? And if so, say from a futuristic standpoint what is the market opportunity that could open up for us? Thanks.
- R. C. Venkateish:** See we are a platform operator, we have a limited amount of real-stock to sell as ad- and we are prevented by our license from launching programming software beyond the limited thing that we can do. So ad revenue I do not believe is going to be a game changer because of the constraints that have been placed on us by our license.
- Jawahar Goel:** Also, I know that some broadcasters who have pay channel or encrypted channel, they are thinking of going free -to-air. Also, when the rural data comes in the



carriage fee paid to the major MSOs may soften further. We do not know, you have to ask this question to broadcasters and MSO. As far as Dish TV is concerned we see some opportunity in carriage fee.

**Moderator:** Thank you. I now hand the conference over to the management for their 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](http://www.dishtv.in). Look forward to speak to you again at the end of the third quarter of fiscal 2016 or even earlier on a one-o-one basis. Thank you and have a great day.

*# This transcript has been suitably edited for ease of reading.*

A large, light orange watermark of the Dish TV logo is centered on the page. It features the word "dish" in a bold, sans-serif font and "tv" in a smaller, italicized font, with a red swoosh underline.