



## DISH TV INDIA LIMITED

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EARNINGS RELEASE FOR THE QUARTER ENDED JUNE 30, 2013

**DISH TV GENERATES FREE CASH FLOW (FCF) OF Rs.484 MILLION IN Q1 FY14;  
GEARS UP TO REDUCE ~ Rs. 7,500 MILLION DEBT ON THE BOOKS**

**5.1% SEQUENTIAL INCREASE IN ARPU, AT Rs.165**

**ROBUST 5.6% SEQUENTIAL GROWTH IN SUBSCRIPTION REVENUES**

**CHURN CONTINUES TO TREND DOWNWARDS**

### Highlights

- ❖ 0.2 million net subscribers added in the quarter ended June 30, 2013.
- ❖ Standalone operating revenues for the quarter stood at Rs. 5,784 million, achieving a growth of 11.2% as compared to the corresponding period last fiscal.
- ❖ Subscription revenues for the quarter were Rs. 5,280 million, recording a strong 5.6% sequential growth and 15.9% year-on-year growth.
- ❖ Average Revenue per User (ARPU) increased 5.1% to Rs. 165.
- ❖ Subscriber Acquisition Cost (SAC) at Rs.1,828 compared to Rs. 1,996 in the immediately preceding quarter.

**NOIDA, India; July 26, 2013** - Dish TV India Limited (Dishtv) (BSE: 532839, NSE: DISHTV) today reported first quarter fiscal 2014 standalone operating revenues of Rs. 5,784 million, recording 11.2% growth over the corresponding period last fiscal. EBITDA of Rs. 1,217 million was marginally higher than the previous quarter. EBITDA margin for the quarter stood at 21.0%. Net Loss was down to Rs. 304 million compared to Rs. 323 million in the corresponding quarter last fiscal and Rs. 436 million in the previous quarter.

The Board of Directors in its meeting held today, has approved and taken on record the unaudited standalone results of Dish TV for the quarter ended on June 30, 2013.

Mr. Subhash Chandra, Chairman, Dish TV India Limited, said, "In an ever changing world, the Indian media industry is keeping pace. Of late topics varying from television viewership ratings to the cap on advertisement and the limit on foreign direct investment have maintained the spotlight on the media industry. Digitization, which happens to be the most talked about, has still a lot to achieve even in the digitized towns and cities. Though it is comforting to see the evolution towards a transparent distribution environment, the distribution industry needs to act fast to leverage the opportunity to weed out the long standing inefficiencies in the system."

"Too much focus on box seeding has diluted the addressability part of the digitization mandate. In such a scenario, Dish TV's focus on quality additions is a counter-intuitive move which has started delivering encouraging results. The first quarter saw the company deliver strong free cash flows while maintaining healthy customer retention and investing in brand equity," he added.

Mr. Jawahar Goel, Managing Director, Dish TV, said, "In line with our expectations, pack price hikes and improved subscriber quality in the recent months resulted in a strengthened ARPU. ARPU for the quarter increased 5.1% to Rs. 165 resulting in a 15.9% YoY increase in subscription revenues. The resultant free cash flow of Rs. 484 million compares favorably with Rs. 220 million in the fourth quarter and Rs. 650 million for the whole of fiscal 2013."

"On the expenses front, higher investment in marketing, brand building and seasonal sports driven content along with the impact of a weak rupee on dollar denominated costs, resulted in a sequentially flat EBITDA margin," he added.

"We remain committed to add quality subscribers who would be value accretive to the business. Our successful initiation of a series of entry level price hikes, even in a not so perfect macro environment, demonstrate our pricing power and resolve to eliminate subsidies in the medium term. At the same time, we continue to expand our distribution network and consider ourselves amongst the best placed to reach out to customers who fit the bill. We are also making strong progress towards lining up additional transponder capacity to beef up our existing, industry leading bandwidth. We intend to leverage the additional capacity for distributing localized content as well as strengthen carriage revenues," said Mr. Goel.

Commenting on the persistent weakness in the rupee and its impact on the financials, Mr. Goel said, "A flagging rupee has been an industry wide concern since some time now. To contain further widening of gap between the cost of the consumer premises equipment (CPE) and amount realized from the customer due to rupee depreciation, Dish TV initiated an acquisition price hike of Rs. 250 on 4<sup>th</sup> July. Sensing the need, other players in the DTH industry followed suit within the next few days."

"We are evaluating possibilities for improvement in hardware economics of CPE sourced from India, given a depreciating rupee. We have also been considering options with our overseas suppliers to commence production at a base in India," he added.

Talking about Dish TV's overseas ventures, Mr. Goel confirmed, "Work on Dish TV Lanka (Pvt.) Limited, the company's subsidiary, is progressing as per plan. Since it is going to be a zero subsidy model, it makes us all the more excited about the expansion."

On his views about the distribution industry, Mr. Goel said, "Though long overdue, cable MSO's decision to implement package wise billing from 1<sup>st</sup> August is a welcome step. We appreciate the move and look forward to a successful transition to the new regime."

With a sustained focus on strengthening the balance sheet, Dish TV looks forward to retiring a significant portion of its outstanding debt. The company is well positioned, through its internal accruals, to repay approximately Rs. 7,500 million of outstanding debt through the current fiscal.

Dish TV added 5 new HD channels with effect from April, 2013. With this addition, Dish TV offers the highest number of 25 HD channels and 17 HD services on its platform.

*Dish+*, India's first Standard Definition Recorder, with unlimited recording facility comes equipped with a USB slot and is positioned at a competitive price compared to non-recorder ready boxes.

Dish TV India Limited continues to be the largest DTH Company in India and the whole of Asia Pacific and is one of the largest DTH platforms in the World.

### Condensed statement of operations

The table below shows the condensed statement of operations for Dish TV India Limited for the first quarter ended June '13 compared to the quarter ended March '13:

Rs. million	Quarter ended June - 2013	Quarter ended March - 2013	% Change Q o Q
Operating revenues	5,784	5,554	4.1
Expenditure	4,567	4,354	4.9
EBITDA	1,217	1,200	1.4
Other Income	277	157	76.4
Depreciation	1,444	1,450	(0.4)
Financial expenses	354	343	3.2
Profit / (Loss) before tax	(304)	(436)	-
Provision for tax	0	0	-
Profit / (Loss) after tax	(304)	(436)	-

### Expenditure

Dish TV's primary expenses include cost of goods and services, personnel cost, administrative cost, advertisement expenses and selling expenses. The table below shows each as a percentage of total revenue:

Rs. million	Quarter ended June - 2013	% of Gross revenue	Quarter ended March - 2013	% of Gross revenue	% Change Q o Q
Cost of goods & services	3,175	54.9	3,183	57.3	(0.2)
Personnel cost	242	4.2	209	3.8	15.8
Other expenses	249	4.3	218	3.9	14.2
Advertisement expenses	307	5.3	166	3.0	84.9
Selling & distribution expenses	593	10.2	576	10.4	2.9
<b>Total Expenses</b>	<b>4,566</b>	<b>79.0</b>	<b>4,353</b>	<b>78.4</b>	<b>4.9</b>


**Footnotes:**

- 1) This earnings release contains unaudited standalone quarterly results that are prepared as per Indian Generally Accepted Accounting Principles (GAAP).
- 2) Free cash flow calculated does not consider amount utilized towards repayment of loan.

**Caution Concerning Forward-Looking Statements:**

This document includes certain forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause Dish TV's actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding Dish TV's present & future business strategies and the environment in which Dish TV will operate in the future. Among the important factors that could cause Dish TV's actual results, performance or achievements to differ materially from those in the forward-looking statements include, among others, the condition of and changes in India's political and economic status, government policies, applicable laws, the Indian media and entertainment sectors, and international and domestic events having a bearing on Dish TV's business and the media and entertainment sectors, particularly in regard to the progress of changes in those sectors' regulatory regimes, and such other factors beyond Dish TV's control. Dish TV India Limited is under no obligation to and expressly disclaims any such obligation to, update or alter its forward-looking statements, whether as a result of new information, future events, or otherwise.

**About Dish TV India Limited:**

Dish TV is Asia Pacific's largest direct-to-home (DTH) company and part of one of India's biggest media conglomerate - the 'Zee' Group. Dish TV has on its platform more than 400 channels & services including 22 audio channels and over 42 HD channels & services. Dish TV uses the NSS-6 satellite platform which is unique in the Indian subcontinent owing to its automated power control and contoured beam which makes it suitable for use in ITU K and N rain zones ideally suited for India's tropical climate. The company also acquired transponders on the Asiasat 5 platform which increased its bandwidth capacity by 216 MHz to reach a total of 648 MHz, the largest held by any DTH player in the country. The Company has a vast distribution network of over 1,673 distributors & over 162,608 dealers that span across 8,622 towns in the country. Dish TV customers are serviced by six 24\* 7 call centres catering to 11 different languages to take care of subscriber requirement at any point of time. For more information on the company, please visit [www.dishTV.in](http://www.dishTV.in)