# DISH TV INDIA LIMITED

**EARNINGS RELEASE FOR THE QUARTER & YEAR ENDED MARCH 31, 2017**

## DISH TV 4Q FY17 NET SUBSCRIBER ADDITIONS AT 165 THOUSAND

## SUBSCRIPTION REVENUES OF Rs. 6,205 MILLION

## EBITDA OF Rs. 1,905 MILLION, EBITDA MARGIN AT 26.9%

## FREE CASH FLOW (FCF) OF Rs. 160 MILLION

**4QFY17 Highlights**

- 165 thousand net subscriber additions during the quarter. Closing net subscriber base of 15.5 million
- Subscription revenues of Rs. 6,205 million
- EBITDA of Rs. 1,905 million. EBITDA margin at 26.9%

**FY17 Highlights**

- 1,029 thousand net subscriber additions during the year.
- Subscription revenues of Rs. 27,696 million
- Operating revenues of Rs. 30,144 million
- EBITDA of Rs. 9,728 million. EBITDA margin at 32.3 %
- PAT of Rs. 1,093 million

**NOIDA, India; May 24, 2017 -** Dish TV India Limited (Dish TV) (BSE: 532839, NSE: DISHTV) today reported fourth quarter fiscal 2017 consolidated subscription revenues of Rs. 6,205 million and operating revenues of Rs. 7,085 million. EBITDA for the quarter stood at Rs. 1,905 million compared to Rs. 2,608 million in the corresponding quarter last fiscal. EBITDA margin was recorded at 26.9% compared to 32.6%. Net loss for the quarter was Rs. 283 million (including deferred tax assets of Rs. 130 million) as against net profit of Rs. 4,828 million (including deferred tax assets of Rs. 4,360 million) in the corresponding quarter last fiscal.

Fiscal 2017 consolidated revenues stood at Rs. 30,144 million, up 4.2% Y-o-Y. EBITDA of Rs. 9,728 million was down 5.1% Y-o-Y. Net profit for the year was Rs. 1,093 million (including deferred tax assets of Rs. 740 million) as against profit of Rs. 6,924 million (including deferred tax assets of Rs. 4,360 million) in fiscal 2016.

Dish TV harmonized the accounting of entertainment tax in line with industry practice with effect from 1 April, 2016. Prior to that, entertainment tax was recorded as an operating expenditure. However, effective 1 April, 2016, it is netted-off against subscription revenues. 4Q FY16 and FY16 figures have been accordingly regrouped for the sake of comparison.

The Board of Directors in its meeting held today, has approved and taken on record the audited financial results for the quarter and year ended on March 31, 2017.

**Demonetization Effect & Company Performance**

Demonetization outdid a good monsoon as well as thriving economic conditions of the last year. Consumer spending remained a challenge from the latter half to the fourth quarter.

The initial growth momentum that could have catapulted the DTH industry to the next level in terms of subscriber additions, took a temporary but prolonged hit. The DTH industry slightly de-grew in terms of new acquisitions during the fiscal despite coming closer to the implementation of digitization.

Dish TV saw subscribers conserving cash for bigger necessities right from the time demonetization was announced in November up to the end of the fiscal.

Mr. Jawahar Goel, CMD, Dish TV India Limited, said, “Fiscal 2017 threw up unprecedented challenges but the Dish TV team took things in its stride. We minimized the impact of demonetization while focusing on a long-term advantage in the form of recharges through online modes. Despite the odds, Dish TV managed to increase its reach and subscriber base.”

**Fourth Quarter Performance**

Subscription revenues during the quarter were lower by 11.1% compared to the same quarter last year mainly due to the absence of a major cricketing event as well as package down gradation by existing subscribers. Resultant Average Revenues Per User (ARPU) declined as well. Churn remained steady and subsidy on the box reduced further. Higher transponder cost, due to additional capacity acquired during the quarter, led to an increase in overall COGS. Mark-to-market losses, due to foreign exchange fluctuations, resulted in higher Other Expenses during the quarter. Overall growth in Programming and Other costs was well within the annual guidance of 6-8%.

**Business Environment in the Current Year**

The central government’s continued focus on development through reforms is going to keep the economic growth engines fired. Historic reforms like the Goods and Services Tax (GST) will be a catalyst to increase the GDP growth of the country going forward. In addition, the pent-up demand due to demonetization will ensure a spike in consumerism in the short to medium term. Moreover, digitization will be at its peak this year with left out areas including Tamil Nadu in the south picking up momentum due to regulatory push.

Dish TV is optimistic about leveraging these strong macro tailwinds. In fact, fiscal 2018 should be a defining year for the company as not only will it be at the forefront of subscriber additions but will also complete, subject to necessary approvals, the amalgamation of Vd2h with itself.

Mr. Jawahar Goel, said, “Revenue growth in the current fiscal is largely going to be a function of subscriber additions and Phase 4 of digitization should have a material role to play in that. The proposed amalgamation will further help create scale in the highly-fragmented TV distribution landscape in India while creating significant synergies through the combination.”

On technological developments, Mr. Goel, said, “We understand that digital will be an important part of our growth in the future and we are excited about our portfolio of products lined up for launch in the coming quarters. Dish TV's new HTML 5 based middleware with a card less box and a new chip set is already in advanced stages of testing and would hit the market soon."

**Ease of Doing Business with Goods and Services tax (GST)**

DTH services will be subject to 18% GST rate as soon as the new indirect tax regime is implemented in the country. It has been a long wait for an industry that has been subject to multiple taxes, including Entertainment Tax and Service Tax, and is also liable to pay License Fees.

Dish TV became the first DTH company to fully migrate to the GST regime in all states and is now ready to implement GST from Day 1. The company had hired Global Advisors, Ernst & Young (E&Y), for transition to GST and had taken steps to ensure that all its Distributors and Channel Partners also register under the new regime. 100% of the company's trade partners are now GST registered.

As is common with any new regulation, GST might have its share of ups and downs during implementation but those should iron out as parallel economy businesses start coming under the GST ambit.

"What should be significant in addition to our ability to pass on the uniform tax to subscribers would be the ease of doing day-to-day business and the associated savings in administration, litigation as well as compliance costs that should result from a simpler tax regime. Unlike the current Entertainment Tax and VAT regime, where different rules are used to determine tax in different regions, GST would be a single tax that should be practical and convenient to pass-on to the consumer," said Mr. Goel.

An added bonus from GST rollout would be the increase in tax compliance in cable businesses in the country. Higher tax compliance in cable would necessarily lead to higher average revenue per user for the sector as a whole.

**Corporate Developments**

Dish TV recently crossed an important milestone when the Competition Commission of India (CCI) granted approval to Videocon d2h and Dish TV to merge. In addition, Dish TV has already received letters from NSE and BSE approving the scheme. Consent from Equity Shareholders of the company has also been received. Application for approval from the National Company Law Tribunal (NCLT) has been made and the company is hopeful of getting all clearances with respect to the amalgamation in place by September/early October this year.

The Board of Directors in its meeting held today, also approved investment in and incorporation of a wholly owned subsidiary to initiate the OTT business.

**Regulatory Developments**

The fourth quarter was witness to pulls and pushes around the Tariff Order with some of the industry participants approaching various courts seeking a stay on the order.

Speaking on the developments, Mr. Jawahar Goel, said, "the broadcasting community wanted forbearance on pricing which has been granted under the order. Distribution platforms have been allowed to charge for the network. The proposed Tariff Order, on seeing the light of the day, will ensure minimization of discriminatory pricing amongst distribution platforms thus ensuring a level-playing field for all players. However, what still needs to be done is to regulate content over IP so as to bring it at par with other regulated content."

Dish TV remains optimistic about a more industry friendly license fee regime and is hopeful of getting an early intimation from the Ministry regarding the same.

### Condensed Quarterly Statement of Operations

The table below shows the condensed consolidated audited statement of operations for Dish TV India Limited for the fourth quarter ended March'17 compared to the quarter ended March '16:

| Rs. million | Quarter ended March 2017 | Quarter ended March 2016 | % Change Y-o-Y |
|---|---|---|---|
| **Subscription revenues** | 6205 | 6,981 | (11.1) |
| **Operating revenues** | 7086 | 7,565 | (6.3) |
| **Expenditure** | 5180 | 4,957 | 4.5 |
| **EBITDA** | 1905 | 2,608 | (26.9) |
| **Other income** | 104 | 218 | (52.2) |
| **Depreciation** | 1728 | 1,516 | 14.0 |
| **Financial expenses** | 573 | 511 | 12.0 |
| **Profit / (Loss) before tax** | (291) | 799 | (136.4) |
| **Tax expense:** | | | |
| **-Current tax** | 122 | 331 | (63.1) |
| **-Deferred tax** | (130) | (4,360) | - |
| **-Excess provision in earlier years** | - | - | - |
| **Net profit / (Loss) for the period** | (283) | 4,828 | (105.9) |

*Note:1) Numbers in the table may not add up due to rounding-off.*
*2) Previous year figures have been regrouped wherever necessary.*

### Expenditure

Dish TV's primary expenses include cost of goods and services, personnel cost, other expenses (administrative expenses), selling & distribution expenses. The table below shows each as a percentage of operating revenue:

| Rs. million | Q.E. March 2017 | % of Revenue | Q.E. March 2016 | % of Revenue | % change Y-o-Y |
|---|---|---|---|---|---|
| **Cost of goods & services** | 3,618 | 51.1 | 3,388 | 44.8 | 6.8 |
| **Personnel cost** | 359 | 5.1 | 298 | 3.9 | 20.7 |
| **Other expenses** | 502 | 7.1 | 459 | 6.1 | 9.4 |
| **S&D expenses** | 701 | 9.9 | 812 | 10.7 | (13.7) |
| **Total expenses** | 5,180 | 73.1 | 4,957 | 65.5 | 4.5 |

*Note: 1) Numbers in the table may not add up due to rounding-off.*
*2) Previous year figures have been regrouped wherever necessary.*

## Condensed Annual Statement of Operations

The table below shows the condensed consolidated audited statement of operations for Dish TV India Limited for FY 2017 versus FY 2016:

| Rs. million | FY 2017 | FY 2016 | % Change Y -o -Y |
|---|---|---|---|
| Subscription revenues | 27,696 | 26,617 | 4.1 |
| Operating revenues | 30,144 | 28,941 | 4.2 |
| Expenditure | 20,415 | 18,692 | 9.2 |
| EBITDA | 9,728 | 10,249 | (5.1) |
| Other income | 475 | 640 | (25.8) |
| Depreciation | 6,631 | 5,907 | 12.3 |
| Financial expenses | 2,239 | 2,087 | 7.3 |
| Profit / (Loss) before tax | 1,334 | 2,895 | (53.9) |
| Tax expense: | | | |
| -Current Tax | 1035 | 331 | 212.6 |
| -Deferred Tax | (740) | (4,360) | - |
| -Excess provision in earlier years | (53) | - | - |
| Net Profit / (Loss) for the period | 1,093 | 6,924 | (84.2) |

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## Expenditure

Dish TV's primary expenses include cost of goods and services, personnel cost, other expenses (administrative expenses), selling & distribution expenses. The table below shows each as a percentage of operating revenue:

| Rs. million | FY 2017 | % of Revenue | FY 2016 | % of Revenue | % change Y-o-Y |
|---|---|---|---|---|---|
| Cost of goods & services | 14,371 | 47.7 | 13,122 | 45.3 | 9.5 |
| Personnel cost | 1,465 | 4.9 | 1,229 | 4.2 | 19.3 |
| Other expenses | 1,470 | 4.9 | 1,505 | 5.2 | (2.3) |
| S&D expenses | 3,108 | 10.3 | 2,836 | 9.8 | 9.6 |
| Total expenses | 20,415 | 67.7 | 18,692 | 64.6 | 9.2 |

*Note: 1) Numbers in the table may not add up due to rounding-off.*
*2) Previous year figures have been regrouped wherever necessary.*

## Consolidated Balance Sheet

The table below shows the consolidated audited balance sheet for FY 2017 versus FY 2016:

| Rs. million | FY 2017 (Audited) | FY 2016 (Audited) |
|---|---|---|
| **EQUITY AND LIABILITIES** | | |
| **Shareholders' funds** | | |
| (a) Share capital | 1,066 | 1,066 |
| (b) Reserves and surplus | 3,840 | 2,741 |
| | **4,906** | **3,807** |
| **Non-current liabilities** | | |
| (a) Long-term borrowings | 5,834 | 11,535 |
| (b) Other long term liabilities | 1,000 | 635 |
| (c) Long-term provisions | 231 | 173 |
| | **7,064** | **12,343** |
| **Current liabilities** | | |
| (a) Short-term borrowings | - | 28 |
| (b) Trade payables | 1,711 | 2,298 |
| (c) Other current liabilities | 14,691 | 8,766 |
| (d) Short-term provisions | 14,237 | 12,151 |
| | **30,638** | **23,243** |
| **Total** | **42,609** | **39,394** |
| **ASSETS** | | |
| **Non-current assets** | | |
| (a) Fixed assets | 27,071 | 24,201 |
| (b) Non-current investments | 1,500 | 1,500 |
| (c) Deferred tax assets | 5,100 | 4,360 |
| (d) Long-term loans and advances | 2,012 | 1,714 |
| (e) Other non-current assets | 4 | 27 |
| | **35,687** | **31,802** |
| **Current assets** | | |
| (a) Current investments | 144 | 820 |
| (b) Inventories | 131 | 126 |
| (c) Trade receivables | 870 | 725 |
| (d) Cash and bank balances | 2,922 | 3,392 |
| (e) Short-term loans and advances | 2,743 | 2,286 |
| (f) Other current assets | 112 | 243 |
| | **6,922** | **7,592** |
| **Total** | **42,609** | **39,394** |

*Note: Numbers in the table may not add up due to rounding-off*

**Footnotes:**

**This Earnings Release contains consolidated audited quarterly results that are prepared as per Indian Generally Accepted Accounting Principles (GAAP).**

**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 the Essel Group. Dish TV has on its platform more than 615 channels & services including 30 audio channels and over 67 HD channels & services. Dish TV leverages multiple satellite platforms including NSS-6, Asiasat 5, SES-8 and GSAT-15 which makes its total bandwidth capacity equal 864 MHz, amongst the largest held by any DTH player in the country. The Company has a vast distribution network of over 1,976 distributors & over 261,211 dealers that span across 9,363 towns in the country. Dish TV has thirteen 24* 7 call centres catering to 11 different languages to take care of subscriber requirement at any point in time. For more information on the company, please visit www.dishtv.in