



DISH TV INDIA LIMITED

DISH TV – VIDEOCON D2H PROPOSED MERGER INVESTOR CONFERENCE CALL NOVEMBER 11, 2016, 7.00 P.M. INDIA TIME

Moderator: Ladies and Gentlemen, Good Day and Welcome to Dish TV India Limited Conference Call on the Announcement of the Potential Merger of Videocon D2H with Dish TV. As a reminder, all participant lines will be in the listen-only mode. And there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please indicate the operator by pressing `*` and then `0` on your touchtone phone. 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: Thank you. Good evening, Ladies and Gentlemen. And thank you, all, for being here at such a short notice, to discuss the exciting development on the proposed merger of Dish TV and Videocon D2h. Joining me today for the call is Mr. Jawahar Goel – Chairman and Managing Director, Dish TV India Limited; along with the Senior Management Team, including Mr. Arun Kapoor – Chief Executive Officer and Mr. Rajeev Dalmia – Chief Financial Officer.

We will start with Mr. Goel's views on the development and we will then open the discussion for questions and answers. During the Q&A, we request that you limit yourself to two questions in the initial round. If you have any additional questions, you are welcome to rejoin the queue. I would like to remind everybody that anything that we say during this call that refers to our outlook for the future is a forward-looking statement that must be taken in the context of the risks that we face.

With that, I will turn the call over to Mr. Goel.

Jawahar Goel: Good evening ladies and gentlemen and thank you for joining us today at such short notice.

This is a great day for Dish TV and its shareholders. I am pleased to announce the merger of Videocon D2h with Dish TV thus creating a leading cable and satellite distribution platform with a net subscriber base of 27.6 million subscribers as on September 30, 2016. Together, the Dish TV Videocon merged entity had an

operating top-line of Rs. 30,974 mn. and an EBITDA of Rs. 10,342 mn. in the first half of fiscal 2017.

We are excited that this combination comes at a time when the cable & satellite industry in India is rapidly progressing on the path to digitization. This transaction, that brings together two powerhouse brands of the cable & satellite Industry in India, will provide us with a gateway to harness growth opportunities in an ultra-competitive multi player environment.

Over the years, Dish TV has established itself as a pioneering and path breaking company that took the pain and responsibility of establishing many new processes like the electronic & digital payments system that though were a business need of the initial years but which subsequently went on to become an industry norm of the throbbing and dynamic DTH industry in India.

We believe that the new company with complementary strengths shall lead the next wave of innovation in the Indian DTH industry and shall be an ideal match of two companies that can bring a fresh approach to how the DTH industry can work for its customers, content providers, distributors and advertisers while benefiting all its stakeholders.

We are proud to be the first ones to take a step towards consolidation in the otherwise highly fragmented C&S sector in India and intend to give customers unmatched choice, quality, value and experiences that will define the future of media and distribution.

We are excited to take the next big leap in this journey.

With that, let me now open the floor for the Q&A session.

Moderator:

Thank you, sir. Ladies and Gentlemen, we will now begin with the question-and-answer session. Our first question is from the line of V. Subbaraman from Ambit Capital. Please go ahead.

V. Subbaraman: I have two questions. One pertains to the premium that is being paid to Videocon D2H shareholders. Based on the current market cap, it appears that the premium is around 34%. Can you please help us understand the rationale behind this?

Secondly, help us understand the transition to one brand, assuming that the merged entity will have the Dish brand over a period of time. Can you help us understand or walk us through the steps that the companies need to take in respect of the operating costs to merge these two entities? Thanks a lot.

Jawahar Goel: See, on your question of premium, you must be aware that Videocon D2H was only partially listed on NASDAQ as a SPAC. So, only a part of shares was listed there and remaining shares were held by Indian promoters in an unlisted space. So if you take the transaction and try to calculate the premium, you must take into account the limited shares that were listed on the NASDAQ. Number two, if you look at page no. 6 of the presentation that we had mailed, there have been various factors like the net subscriber base, revenue and EBITDA that have gone into the calculation of consideration. So, accordingly the ratio of the two corporation was decided as 55% and 45%, which as per our advisor is a fair valuation and our Board has taken a note of this.

And on the second question, the transition of the brand. We will carry on as a multi-brand entity. Post-merger completion which may take seven, eight months we will continue as a multi-brand entity.

V. Subbaraman: Sir, just one small follow-up on the brand. The Videocon D2H brand is owned by a group company, CE India, the Videocon Group Company. So, are we still going to continue paying a nominal Rs. 1 million per annum for that brand or is there any change in the payment that we are making to the Videocon Group for the Videocon D2H brand?

Jawahar Goel: Well, this question will be well answered when would have received all the regulatory approvals. But see the main brand is D2H, Videocon brand is tagged along which is not part of the DTH. And D2H is owned by the company and that comes to the company.

Moderator: Thank you. We have the next question from the line of Kunal Vora from BNP Paribas. Please go ahead.

Kunal Vora: First question is can you share your thoughts on OPEX and CAPEX synergies which can be generated?

Jawahar Goel: Kunal, I think we have been advised to not lay our hands on the operating metrics that will accrue before we have all the regulatory permissions in place.

Kunal Vora: So basically like these two companies will continue to run as independent companies? So, what is the point of the merger, like can you share the thoughts on like, why merge in that case?

Rajeev Dalmia: See, it is very difficult to quantify the synergies that will arise out of merger right now. But definitely there will be synergies all across, including CAPEX, OPEX, infrastructure, dealer network and trade partners. But we are unable to quantify because we do not have the relevant data with us. We only have the public information on which things have been found out. When the times comes or when the approvals are in place then definitely we will come out with exact modality on how the integration will pan out and how much we can save out of middle line and how much we can increase the top-line.

Kunal Vora: Second question is can you highlight the differences in accounting metrics and operating metrics between the two companies? Like the net subscriber numbers which you have given out for both the companies, are they comparable numbers or there are differences in the way churn is getting accounted for. Second is similarly on EBITDA number, are these comparable numbers or like Videocon has a different practice for license fees? So, can you highlight any of the accounting and operating metrics, differences between the two companies?

Rajeev Dalmia: Net subscriber numbers are submitted to the TRAI. So as on March 31st we had the same 120 days past due and the total industry numbers were around 56 million. It is also available on the website of TRAI. So net subscriber numbers, of course it is at par with Videocon, like we calculate. In terms of EBITDA, of course one or two things that are in public domain about licensing treatment will be different across different DTH companies. And lease rental which is almost same in most companies,

but some companies do recognize the lease rental over a period of the life of the customers. So that portion is slightly different in Videocon versus us. Rest of the parameters are of course guided by either Indian GAAP or IFRS, so more or less these are in sync with each other.

Moderator: Thank you. Our next question is from the line of Parag Gupta of Morgan Stanley. Please go ahead.

Parag Gupta: Couple of questions. Firstly, if you could just give us a better understanding of what really makes you buy Videocon, is it more for size, is it for geographical reach or is it for something else? So if you could just give us a better sense of how you benefit from this merger.

The second is, from a regulatory perspective, could you walk us through how should this look in front of TRAI or Competition Commission of India? So, what do you think are the key clauses on that front?

And my last question was, Videocon generally fitted from their group assets in terms of set-top box manufacturing and distribution outlets. Will these be available to you as well or will these be available to Videocon D2H post the merger as well, so any thoughts on that?

Jawahar Goel: Parag, there is no buying. It is a merger scheme. On the regulatory front, definitely, our industry is highly regulated. So we have to go through all the eight or 10 approvals and permissions including that of shareholders. So it will take some time. The MIB has to permit us for the corporate action which has now been merged, so they have to give permission. Then the stock exchanges, High Court, shareholder as well as Competition Commission and also SEBI. So these are the permissions which we have to go through. And as you are aware that this industry is highly fragmented as C&S. It is growing as the rural electrification happens, as the size of TV households and the number of households in the country grow so the merged entity will be having around 16% of that market share. We have been advised by our consultant that we will be able to persuade all the regulators as per the law of the land and practices.

And coming over to the STB, we have not gone into the detailing of anything yet. However it is common knowledge that D2H has been getting the box produced, converted from the component level, from its group entities. As Dish TV we had never discussed those issues and the decision will be taken in the best interest after we come to that stage of completion.

Moderator: Thank you. Our next question is from the line of Ankur Periwal from Axis Capital. Please proceed.

Ankur Periwal: While I agree with Mr. Dalmia that probably you have not worked out the exact synergical benefits, but just trying to understand from an operations point of view, what could be the key advantages we will have along with the Videocon D2H network and the key challenges that we may face going ahead?

Rajeev Dalmia: See, as far as OPEX advantage is concerned, we will explore each and every item where synergies can be achieved. But as I said, it is difficult to quantify the infrastructure support, backend, paid services, content purchase, purchase of set-top boxes, even trade partner's support. So there will be synergies all across but it is difficult to quantify and lay a roadmap right now. When the time comes, maybe in the next two quarters there will definitely be planning and roadmap to support and harness the best possible synergies that may have come in the domain.

Ankur Periwal: You did mention earlier that both the brands will co-exist going ahead, Dish TV as well as D2H. Does that mean that the transponders, the way they are, that will continue and probably it's still some time wherein those sort of synergies will play out?

Jawahar Goel: See Ankur, it is a known-technology that multi-encryption can be simul-encrypted on the same content. We have not so far operated in that environment between operator to operator either at the cable operator or HITS operator, or DTH operator level for that matter. The telecom regulator has in hand the consultation process of infrastructure sharing. And they have very well recognized that simul-encrypting should take place. There are many success stories in the country where the infrastructure has been shared. These can only be done when the technology

permits and the technology is infact available. These will be worked out over the period and it is definitely going to be a saving.

And to add here, both D2H and Dish TV are working in an orbit location which is only 4.5 to 5-degrees separation. Dish TV already has experience of using satellite at 93.5, 90 degree and 100.5 degree. So 5, 6-degree separation we are already operating. So that should not be a big issue.

Ankur Periwal: Just lastly, what will be the aggregate contingent liability for the merged entity for the licensed fee?

Rajeev Dalmia: See, I can tell my number, it was around Rs. 1,000 crores as on 31st March. And as far as their number is concerned, which is in the public domain, it is around Rs.550 crores. But this is again based on aggregate calculation done in the last seven, eight years.

Moderator: Thank you. Our next question is from the line of Jay Doshi from Kotak Securities. Please proceed.

Jay Doshi: Just one question. Videocon promoters have two Board seats and will also be appointing a Vice Chairman and Deputy MD. So, how does management control sort of will be balanced between the two management? It seems a little unusual to me, so if you could...

Jawahar Goel: You see, it is a merger scheme whereby the D2H promoter has right to have two Directors on the Board, whereas Dish TV promoter has no limitation on the number of directors. Mr. Saurabh Dhoot, who is executive Chairman of the D2H Company will hold position as Deputy MD of the Company. And the promoters will also have the post of a Vice Chairman. So this is the scheme which I think is quite usual in any merger.

Moderator: Thank you. Our next question is from the line of Mayur Gathani from OHM Portfolio Equiresearch Pvt. Ltd. Please proceed.

Mayur Gathani: Are Videocon promoters locked in on these shares or they can also sell to anyone else?

- Jawahar Goel:** No, there is no such understanding and this is all subject to various approvals and after completion date which is seven to eight months down the line.
- Mayur Gathani:** So post seven month to eight months can Videocon sell the shares publicly also, right?
- Rajeev Dalmia:** See, as far as we are concerned, we have the right of first offer for the shares of Videocon Group. So whenever they think of sale in the open market or otherwise, they will have to make an offer to us in terms of the guidelines of SEBI. So that right is with us.
- Mayur Gathani:** And one more question. Can you run us through the ARPU calculations for Videocon, because their last ARPU reported was Rs.209, whereas we stand at Rs.162 or Rs.163, so where is such a big difference?
- Rajeev Dalmia:** No, that will be difficult but we will definitely try to find out what are the factors which they have considered that we have not.
- Moderator:** Thank you. Our next question is from the line of Yogesh Kirve from Batlivala & Karani Securities. Please proceed.
- Yogesh Kirve:** When I look at the merger, first thing that comes to my mind is regarding the bargaining power vis-à-vis the broadcast as far as the content deals are concerned. Now on the other hand, we also have the TRAI recommendation regarding the tariffs and the interconnect. So, just wanted your comment regarding how a bargaining power would remain even under the proposed regulations?
- Jawahar Goel:** See, the regulation is under consultation, every stakeholder is talking to TRAI. Hence we do not know how it will stand. Secondly, on the bargaining power, as a merged entity we have time to go, almost seven, eight months before we can throw light on this.
- Yogesh Kirve:** Secondly, if we look at the two brands, Dish TV as well as Videocon D2H or D2H, where we look at it. So, does this brand in our view bring anything uniquely different to us or whether it makes a sense to have one brand going forward?

Jawahar Goel: See, the stakeholder of the brand is basically the customer, we feel and it is always good for consumer products that things should continue.

Moderator: Thank you. Our next question is from the line of Dipesh Mehta from SBICAP Securities. Please proceed.

Dipesh Mehta: I have couple of questions. First, I am yet not clear about keeping two separate entities. So, what would be the customer acquisition strategy? Now the same customer would be approached by both the entity, so if you can provide some colors there.

Secondly, the two directors they have a right, till what percentage will it hold true?

And last is about CCI approval, now there might be some criteria about per-circle, per-state kind of market share. So, if you can help us understand whether those criteria, any detail if you can provide? Thank you.

Jawahar Goel: It is a multi-brand organization, there is definitely a parallel team of owning the brand, distributing, servicing, everything. So the front end has to be separate teams, The back end has to work in tandem and maybe using one software, one IT network etc.

Your second question was on directors. Yes, there is a stepping down, it has been agreed that if D2H promoters come down to a certain level so that number of director on the Board will also taper down. And to be precise, up to 15% there will be two directors and then next step is 7.5%, then there will be one director.

Dipesh Mehta: Just on the first part, the frontend you said, we want to maintain two different brands. So, what would be the positioning of these two different brands let's say, Dish TV and Videocon D2H. How it would be different in terms of customer's perception?

Jawahar Goel: See if you know there are so many consumer facing organizations, there are many success stories of maintaining multi-brands.

Dipesh Mehta: There would be a significant overlap right, there would be significant overlap between the two brands?

Jawahar Goel: Mr. Mehta, you know that we already have two brands, Dish TV is already maintaining two brands. So we have that experience. We have to position, we have to look on the content side, on the pricing front and so many other things.

Dipesh Mehta: If you can address last part about CCI approval?

Jawahar Goel: There are expert teams and we have taken advice and we will wait for the approval. We cannot preempt their terms and conditions and what they can do.

Moderator: Thank you. Our next question is from the line of Vikash Mantri from ICICI Securities. Please proceed.

Vikash Mantri: All the Videocon promoters have decided to not classify themselves as promoters of the new entity?

Rajeev Dalmia: They will not be classified as promoter to the merged entity.

Vikash Mantri: In terms of the brands, keeping the two brands, now while we would have thought about what is the best strategy whether to keep two different brands with different positioning maybe a premium brand like we have Dish and Zing right now as an economy brand. And after Videocon enters, a third positioning might be required or maybe if we find that both Dish and Videocon are at the same positioning, then there is little or no rationale for keeping another brand in the kitty. So I would have expected that the decision on retaining brands would be taken after the merger or whatever seems to be right. Is there a pre-condition to this that we should retain two brands and for the merger something that is this part of content deal?

Jawahar Goel: Vikash, the D2H brand is also a strong brand the merged entity will have three brands to maintain. The Videocon brand is not associated with D2H brand because D2H brand is owned by this company which will get merged.

Vikash Mantri: Then why the name Dish TV-Videocon, it should be Dish TV d2h. And Videocon is also not the promoter?

- Jawahar Goel:** There is always an emotional attachment with respect to it.
- Moderator:** Thank you. Our next question is from the line of Alankar Garude from Macquarie. Please proceed.
- Alankar Garude:** Just one clarification on the transponder cost. So you mentioned about the 4 degree, 5-degree separation which can be managed. And currently you have almost 5 degrees, 6-degree separation in your current operations. So could this mean that the transponder cost of the merged entity could be lower from current levels?
- Jawahar Goel:** See, the transponder capacity is asset as well as cost. So these detailings will be done by the planning committee and with technological expertise.
- Alankar Garude:** So basically there could be some synergy, but we cannot really pinpoint something?
- Jawahar Goel:** It cannot be achieved overnight, it is a long plan and it associates the cost and it is three to four years planning which everyone has to do. Worldwide many people have done it, in India also it has been done, changing the satellite. It is a painful exercise.
- Alankar Garude:** And one just another question regarding your revenues. So, while I understand that getting synergies on the ARPU front could be a bit difficult, but could you comment on the carriage aspect? Is there any chance of some synergy coming out from there?
- Jawahar Goel:** These are the operational benefits what the merged entity normally gets, which will be worked out. Today we cannot work out and discuss, but definitely after CCI approval we will plan over the period and then implement as soon as possible.
- Moderator:** Thank you. Our next question is from the line of Amit Kumar from Investec Capital. Please go ahead.
- Amit Kumar:** Just a couple of questions at my end. Just to begin with this, right of first refusal that you have on Videocon promoter shareholding in the combined entity, is this for the entire 28% of their eventual shareholding or only a part of that?
- Jawahar Goel:** It is there but it is not right of first refusal, it is right of first offer.

Amit Kumar: So basically my question was that, will it be on the entire 28% or just a part of that?

Jawahar Goel: It is on the total size of the equity that they hold.

Rajeev Dalmia: So whatever they want to have, they have right of first offer.

Amit Kumar: Now my second question is that, I understand the brands will be kept separate and you are looking to sort of integrate the back-end warehousing, take finance administration as you mentioned. So, let's assume that the transactions sort of closes by the end of this financial year in other sort of five, six months, so from the technical closure of this transaction, how much time do you believe it will take for that entire back-end integration to happen? I understand you will not be able to give like an exact number, but a broad range would be helpful. Is it going to be like one to two years, four, five years, just a broad sense on that would be helpful?

Jawahar Goel: See, both of us are operating on a different platform of conditional access system and middle ware. So of course we will try to combine both as one to derive some monetary benefit. But we cannot quantify the number of months, but yes definitely there will be other synergies like call centers and purchase of equipment for the backend and all.

Amit Kumar: Yes, so that is what I am, saying that what is, I mean you have a software team which you would have already probably done these kind of exercises, you can shift in from one software to another.

Jawahar Goel: Currently we cannot plan and give you answer at this call. We have to work out and estimate everything going forward and try to give a timeline.

Amit Kumar: Just a final question at my end. Right now the Videocon d2h platform is an MPEG-4 technology, you are a mix of MPEG-2 and MPEG-4, incrementally sort of shifting towards MPEG-4 yourself. So at least, internally if you can give us a sense on when do you expect the Dish TV's transition from MPEG... I mean, two questions really, one is that what is the status of among your active net subscriber base, what is the share of MPEG-2 and MPEG-4 subscribers? And have you sort of set a target or a timeline by which you will sort of shift all of those MPEG-2 subscribers to MPEG-4?

Jawahar Goel: Definitely see MPEG-4 is the format which was introduced later, when we started 13 years back there was no MPEG-4. But we are very much using MPEG-4, which is backward compatible. At the same time, newer compression and everything else is being developed. So when we started we were doing 12 channels per transponder, now in MPEG-2 we are doing well over 20 channels. So this is the evolution of technology. How the two platforms will function? We have to go forward and plan and do it.

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

V. Subbaraman: I have a couple of questions. One is, now that Videocon shareholders have on the NASDAQ listed entity, will that still be applicable to the promoters? The second question is, you mentioned about the synergies on account of infrastructure sharing, can you elaborate a little bit on that, meaning can you provide some specifics on how this will shape? Thanks.

Jawahar Goel: As far as NASDAQ listing is concerned, they will be offered two options, they can convert into Indian shares or they can become part of the listing of Dish TV in Luxemburg by way of GDR.

And the second question, again we would say that it is difficult to quantify right now. But at an appropriate time we will definitely come back with the requisite percentage saving which will arise because of these synergies due to merger.

V. Subbaraman: Just one small follow up on the synergies. Can you give some color on when Videocon's content contracts are expiring?

Jawahar Goel: See, we have seven - ten major contracts, so we cannot say... and if they are expiring they are on different days and different month. Difficult to generalize or universalize, we cannot do that.

Moderator: Thank you. Our next question is from the line of Jay Doshi from Kotak Securities. Please proceed.

Jay Doshi: I am sorry if you have already answered this one. On CCI approval, what is your understanding, do they look at every state as a single market and will they look at DTH and cable separately or they look at market share in a particular state within DTH?

Jawahar Goel: See, they will look at the overall cable and satellite homes which is around 175 million. Because now if you see the cable operators are also providing the set-top boxes, there is no difference in technology which used to be during the analog days. And out of that 175 million we are around 16% - 17% with 27 million homes as a combined entity. So that is the market they should be looking for. And state may not be applicable on us because we are an all India player and there are no different plans for different states, we have one plan for the entire country, so the whole country should be looked at as one market.

Jay Doshi: Understood, but is this very crystal clear or there are...?

Jawahar Goel: We cannot step into the shoes of the authority. We go by the advice of the consultants. Dish TV Management has no experience of Competition Commission.

Moderator: Thank you. Our next question is from the line of Kunal Vora from BNP Paribas. Please proceed.

Kunal Vora: Right now, the two entities put together adding about 6 million to 7 million gross adds. Going forward, do you expect a combine entity to do a similar number or should we expect more or less? That is one. And second is, would the two entities put together look to reduce the competitive intensity in the sector, anything which you can do about it? Thanks.

Jawahar Goel: See, many multi-brands are maintained and the team has to achieve and grab the opportunity which is available in the market. So, we see that due to the digitization, rural electrification, urbanization the C&S will grow, TV also would grow. And in the DTH space the number of subscriber adds every year will be in next three, four years maintained at similar levels, 12 million to 13 million every year. So two brands ideally should get the same.

Kunal Vora: Do you expect competitive intensity in the sector to reduce or we should not be expecting any change at all?

Jawahar Goel: In cable and satellite, as the tax compliance will increase, consolidation will take place, even at the bottom of the of the pyramid at the cable side.

Kunal Vora: On the sales side, both the teams will work completely independently or there will be some coordination?

Jawahar Goel: Sales and marketing will work in competition to each brand.

Moderator: Thank you. Ladies and Gentlemen, I now hand the conference over to Mr. Tarun Nanda for closing comments. Over to you, sir.

Tarun Nanda: Thank you once again for joining us, Ladies and Gentlemen. We will soon have the transcript of this call on our website, www.dishtv.in. We look forward to speak to you again soon. Thank you.

This transcript has been suitably edited for ease of reading.

