



Conference call takeaways

- Dish TV rolled out differential pricing strategy in the balance of 38 cities covered under Phases 1 and 2 applicable from May 12, 2015. It also hiked an additional INR10/pack for existing subscribers in the 42 cities under Phase 1 and 2 in May 2015.
- Both Zing and HD contributed c.22% each of additional subscriber additions during 4Q (HD subscribers earlier averaged of c.17-18% of net adds). HD has the highest margin, followed by Zing and then other normal SD subscribers.
- ARPU is likely to increase by c.6-7% in FY16 on account of pack price hikes, higher HD subscription, and initiation of packaging in cable. (Deutsche Bank view – we have factored in 5/6% increase in FY16/17.)
- Content cost is likely to increase by mid-single to high-single digits in FY16, as revision in content cost is likely to be done after six quarters (i.e., September 2016).
- DTH is likely to benefit due to delay in digitization under Phases 3 and 4, as the cable industry is presently not fully prepared.
- Carriage revenue is likely to maintain the quarterly run rate of INR300mn during FY16.
- New value added services (VAS) are likely to be launched in FY16. Management guidance of c.6-7% increase in ARPU in FY16 does not factor in the incremental benefit from VAS.
- Gross addition during FY15 – 2.46mn. Management expects net subscriber additions of c.1.4-1.7mn during FY16.
- Gross debt in FY16 is likely to remain around the FY15 level of c.INR14.5bn. It is unlikely to decline due to the company having an aggressive target to add subscribers during FY16. Out of the total debt, c.165mn is dollar denominated, and the remaining amount is in INR.
- Overall interest rate – c.8.5-9%; interest rate on the INR-denominated loan – c.11.75%.
- Dish has guided that subscriber acquisition cost is likely to be INR1,700-1,800 per subscriber.
- Set-top box write-off included in depreciation during FY15 was INR800-850mn and is likely to be around the same level in FY16.
- Current box inventory – 800,000 boxes.
- Total capex incurred during FY15 was c.INR7.25bn. Capex on Sri Lanka subsidiary to date – c.USD4.5mn.
- Domestic manufacturing of set-top boxes will not start until GST is rolled out because of multiple taxes such as entry tax, VAT, etc.
- Complete digitization under Phases 3 and 4 will take another two years to complete.
- The company has no plans to raise funds via equity dilution.