



# “Videocon d2h Limited Q3FY 2017 Earnings Conference Call”

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**EDITED TRANSCRIPT**



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**Moderator:** Ladies and gentlemen, Good Day and welcome to the Videocon d2h Limited Q3 FY2017 Earnings Conference call. As a reminder, all participants' lines would be in 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 signal an operator by pressing \* and 0 on your touchtone phone. Please note that this conference is being recorded. I now hand over the conference to Ms. Nupur Agarwal – Head (Investor Relations). Thank you and over to you Ma'am.

**Nupur Agarwal:** Thank you. Good morning everyone and welcome to Videocon d2h Q3 FY17 Results Conference Call. We have with us senior management of our company represented by Mr. Saurabh Dhoot – The Executive Chairman, Mr. Anil Khera – CEO, Mr. Rohit Jain – Deputy CEO and Mr. Avanti Kanthaliya – CFO. I now hand over call to Mr. Dhoot for his initial comments.

**Saurabh Dhoot:** Thank you every one for joining our call for the results for the quarter-ended December 31<sup>st</sup> 2016. On behalf of our Board Members and Management Team, I welcome you all and also wish a Happy and Prosperous 2017 as we get into that.

Starting with the quick summary for the result for the quarter I am delighted to report that we have delivered a strong quarter despite the moderation due to currency demonetization during the quarter. Our adjusted EBITDA grew 33% year-on-year in line with our guidance, which is a great performance and clearly demonstrate the strength of our distribution network, our captive customer service network, and of course the great execution by our management team.

Revenues from our operations came at the INR 7.8 billion. On a like-to-like basis, adjusting for the change in the accounting treatment of the entertainment taxes which started in the first quarter, revenues from the operations would have come in at INR 8.35 billion which is up 14.2% year-on-year. Subscription and activation revenues came in at INR 7.11 billion. Adjusted EBITDA grew over 33% year-on-year to INR 2.67 billion in line with our guidance of INR 2.67 billion.

Adjusted EBITDA margin came in at 34.4% during the quarter that is up 460 basis points year-on-year on a like to like basis. We achieved profit after tax INR 218 million and free cash flows of INR 514 million in third quarter.

The demonetization impacted the net subscriber additions during the quarter, however, our net subscribers increased by 250 thousand totaling to 12.77 million. During the quarter, on Nov 8<sup>th</sup> Our Honorable Prime Minister announced the demonetization of all the INR 500 and INR 1000 currency notes. Obviously, we all are aware that it constitutes 86% of the currency in circulation value. And of course, there were daily and weekly cash withdrawal limits from the bank branches and ATM.

We really believe demonetization is the great move in the long run by the Indian Government. However, obviously, an exercise of this scale is unprecedented and would naturally lead to temporary shortage of cash availability as people lined up in long queues to withdraw cash. These led to consumers holding on to cash for essentials and also delaying their buying decisions where it was not supercritical. Naturally this kind of short term impacts happened across various industries. I think it has affected our new subscriber acquisitions as well, as it was hard to get that much cash for the few weeks' post-demonetization. It has also impacted the business to business revenue streams like advertising, carriage etc. Recharges were also impacted for the first few weeks. Also subscribers recharged in lower denomination; these are certain behavioral pattern one would expect from such a scenario.

Having said that we believe this is a temporary issue and the demand has not gone away, in fact the normalcy is coming back as we speak. Also the new currency has come in substantial circulation. So the impact on any business would not be beyond one or two quarters of course.

I would like to highlight that the business fundamentals in terms of strong subscriber and revenue growth outlook is in fact intact. During the quarter, we announced the scheme of arrangement for amalgamation of Videocon d2h into Dish TV Ltd. in consideration for the new stock issuance by Dish TV to the shareholders of Videocon d2h. Under the terms of the merger, one Videocon d2h ADS would get 8.07 shares of Dish TV India.

The merged entity will have dual listing in India and a GDR. We are seriously reevaluating our GDR listed on the London Stock Exchange as an alternative to the earlier announced GDR in Luxemburg keeping in mind the feedback from our shareholders. Both the companies are in favor of GDR in London and studying the legality and processes of making that happen. We are extremely excited about the deal and the long-term benefits with the complimentary skill sets that the two companies bring to the table. Whether it is the distribution expertise, set top box hardware and technological advances or the Dish TV's extensive media experience and content sourcing, I think we can create a powerful service offering for our customers. And of course create sustainable shareholder value for our investors. We have already applied for the approval from the Competition Commission of India; we expect an update in the coming month. All integration related activities can kick start post certain regulatory work and regulatory approvals after which we will be in a better position to quantify the synergy benefits.

However, of course as I mentioned earlier, the key areas where we could see some synergies are: In house revenues, advertising, carriage, value added services, purchasing advantages, sourcing advantages whether it is fixed cost, customer service cost, other content cost etc., and Improvements in technology satellite.

Moving on to guidance, we expect net subscriber additions of 250 thousand in the fourth quarter. This is obviously after taking into account the temporary impact of demonetization. We expect EBITDA to come in INR 2.70 billion in the fourth quarter.

Before I hand over the call to Mr. Khera for industry and business update, I would like to say we are very excited and fully prepared to seize the growth opportunity in the fastest growing pay TV market in the world. Through a leading distribution network our strong customer service focus and the differentiated content offering supported by a really, really strong balance sheet and free cash flows. I think with the proposed merger we are even more excited about the growth outlook of the company going forward.

**Anil Khera:**

Thank you Mr. Saurabh. An important development during the quarter was with regard to Phase 3 and Phase-4 digitization. In November 2016, the Delhi High Court cleared all the stay orders and ordered switch off of analog signals in Phase 3 digitization area. The Ministry of Information and Broadcasting provided additional time for the remaining analog cable subscriber in Phase 3 areas to switch to digital platform by 31<sup>st</sup> January 2017 which is today. It was also made clear that no further extension would be allowed. Additionally, the deadline of Phase-4 digitization has moved forward to 31<sup>st</sup> March 2017. We believe Phase-4 is a huge opportunity ahead of the industry and there would be over 40 million analog cable homes covered in this phase.

This ensures the DTH industry will continue to grow its subscriber base for many more years to come.

Thirdly, in line with our strategy of content localization and premiumization, during the quarter we have launched two original value added services. These are d2h Mauja for Punjabi viewers, which is for North India target audience and d2h Rangilu for Gujarat State in western India. We also continue to strengthen our High Definition offering on our platform. We now offer more than 600 channels and services including 60 High Definition channels and services. I am also happy to share that driven by manufacturing cost advantages we have stopped sourcing the standard definition setup box. We have now started installing all high definitions enabled setup boxes in almost all our new subscriber home. This helps us to promote our High Definition offering and enhances our ability to upgrade subscribers from standard definition into High Definition in future. To do so we offer High definition add ons or small sachet pack for various genres making it possible for our subscriber to sample the high definition content in smaller quantities, instead of upgrading to full high definition pack all the time. This enables the wider range of customer to sample our high definition content.

Talking about the demonetization – taking the demonetization as a trigger we have launched education and awareness campaign on several fronts with our subscriber base; methods and ease of recharging through E-methods and E-wallets, encourage customers to recharge their accounts for full package value instead of recharging part amount or lower round figures.

Encourage customers to recharge on time before the next recharge due date this is why they are in active mode. Encourage the customers to opt for long term recharges. We believe all this will help us reduce suspension of customers and win back the churned customers. Additionally, to increase the penetration of high definition as mentioned earlier, we are introducing the “sachet pack” of high definition genre wise, for example Entertainment genre, sports genre have separate add ons.

Talking about the tariff order, during the quarter the draft tariff order released by TRAI was challenged by one of the broadcasters. We await more clarity on the tariff order from high court. As seen in all regulatory process in India these things evolve over a period of time. The tariff order which is still in draft stage mainly talks about the filling of channel pricing from the broadcasters to the platform like Cable and DTH. And also regularization of high definition channels pricing from broadcasters to the platform and this tariff order also talks about various bouquets to be offered by platform to the customers and also from the broadcasters to the platforms and the recommended price for the customers.

Talking about the GST, we have talked about GST and its benefit many times in the past. As the news flow suggest that implementation starting from April 2017 looks difficult and the finance minister has clarified that GST can be implemented from any date and not only from the beginning of this financial year. We expect some clarity on GST, in the union budget which is expected tomorrow and look forward to hearing the finance minister on GST rates, implementation and timeline in his budget speech tomorrow. I now hand over to Mr. Rohit Jain for the financial update.

**Rohit Jain:**

We are pleased to share the result and details for the quarter. As mentioned earlier the demonetization adversely impacted the addition of the new subscriber, subscriber recharges and b2b revenues like advertising and carriage revenue. Despite that the total revenue came in at INR 7.77 billion, the breakup been as subscription and activation came in at INR 7.11 billion, carriage revenue came up at INR 277 million and ad revenue came up at INR 71 million. While the new currency circulation has been picking up and businesses are gradually coming back to normal we believe that the impact of demonetization will be felt in Q4 as well partly, especially with respect to B2B revenues such as advertising and carriage revenues.

Adjusted EBITDA grew 33.2% year on year to INR 2.67 billion. Margin came in at 34.4% for the quarter. On a like to like basis adjusting for change in the accounting, treatment of entertainment tax, margin would have been 32% which is 460 basis point year-on-year growth.

Content cost only came in at 39.6% as the result of the adverse impact of the demonetization on revenues. Fixed cost as a percentage came in 13.9%. We reported net profit of INR 218 million for the quarter as compared to loss of INR 220 million last year. ARPU on total revenue came in at INR 205, obviously this was another item that was impacted by demonetization and the

impact of revenue loss on account of higher suspension and lower customer activation during the quarter.

Having said that our churn has been in control, we haven't lost our existing customers, monthly churn came in at 0.78% for the ninth month ending December 16<sup>th</sup> as compared to 0.8% for the same nine months last year. Hardware subsidy came in at INR 1924 per subscriber as a result of growing mix of high definition boxes. Capex for the quarter was 1.51 billion. Adjusted EBITDA less capex came in at 1.15 billion for the quarter.

As of December 31<sup>st</sup> we had term loan of INR 18.29 billion and cash and short term investments of INR 3.82 billion. In the end the EBITDA of INR 2.67 billion largely in line with our guidance and we are guiding for EBITDA of 2.7 billion for Q4 and net subscriber addition of 250k keeping in mind the continuing impact of the demonetization. With this we are happy to open the floor for any questions.

**Moderator:** Sure. Thank you very much. We will now begin the question and answer session. We have the first question from the line of Abneesh Roy from Edelweiss. Please go ahead.

**Abneesh Roy:** Sir my question is, I understand Ad revenue being cut because of demonetization. Carriage also got cut you were saying even in Q4 there could be some cuts. So do you expect that to comeback eventually? It will because of the cash flow issues that they have delayed the payment or why cut is happening here?

**Rohit Jain:** Well large part of the carriage revenue among many other genres is lead by shopping channels and teleshopping and business segments. And then some of these businesses are lead by very cash driven business. So I think as some of our partners we have also seen the adverse impact of demonetization, so some of that impact is likely to continue for this quarter. But of course we expect some of this to recover very soon. We believe demonetization overall is good in the long run and some of this adverse impacts are more, short to medium term.

**Abneesh Roy:** And obviously in Q4 the impact will be lower versus Q3 on YOY basis?

**Rohit Jain:** Yes, the impact should be lower. In terms of the total quantum we have to see because demonetization also kicked in the middle of the Q3, so it's difficult to say apple to apple but as a trend you are right Q4 should be lower than the Q3.

**Abneesh Roy:** Sir your end consumers saw severe shortage of cash, so what I see is the other two players have seen churn increase quarter on quarter, in your case surprisingly churn has reduced. So obviously consumers would have faced a lot of shortage, they would have delayed, so what has been your treatment, why hasn't your churn also gone up on the quarter on quarter basis?

**Rohit Jain:** No if you see the churn numbers that we reported are for nine months cumulative, obviously the quarter on quarter the seasonality remains. And then needless to say that Q3 is generally

slightly higher. Having said that, over last 3 to 4 years our managing systems of subscriber life cycle have all matured quite significantly, to answer really specifically for Q3 our churn was 0.87 % which is not abnormally high or out of line with our trends in the last few years. So, churn for us has been fairly stable in the last 3 to 4 years.

**Abneesh Roy:** Sir my question was how you have treated the end consumers? So lot of consumers would have delayed payments, they would have not choose to go for the pack they would have downgraded, so could you discuss that part, because of demonetization how you treated? How was the consumer behavior?

**Anil Khara:** You see that, because of the shortage of currency, instead of charging full amount at one time, we have observed that consumer recharged his account for the same amount but at multiple times during the demonetization period because of shortage of currency in hand. And we also initiated some steps we floated a scheme called YPWR, i.e. you promise we recharge. In case the customer has intention to recharge but does not have currency in hand or recharge is not available around his house at that particular time, so he has to call up the call center and asked to activate the YPWR which is you promise we recharge. In that case we give 7 days credit period to the customers to his account and as and when he recharges next time, so that credit gets adjusted. So this scheme was on throughout the year, but it was on for 3 days credit but we extended it to 7 days, now we have brought it back to again 3 days. So that helped us to keep the customer active even if he did not have currency in hand at that particular moment.

**Abneesh Roy:** And what percentage is paid by credit card online and what percentage is cash and how was it in previous quarter or previous six months whichever you want to give? But don't include the December quarter so that we get for both periods?

**Rohit Jain:** Yes. Our 100% payment is through E-mode, but through net banking and credit card the percentage could be 12%, but during this quarter demonetization time it went up by 3-4% and you see the customer goes to the recharge outlet and the recharge outlet does the recharge through the E-mode. He might do it through Paytm or Oxygen, also we have our own recharge system which is the PCS, you can also do through the website so our 100% recharges are through E-mode. We have seen shift between the two payment aggregators anybody who is offering a lot of cash back. We have seen more transaction happening through one particular aggregator.

**Abneesh Roy:** And sir this cash back you don't participate? Right?

**Rohit Jain:** It is from the aggregator side.

**Abneesh Roy:** Sir next question, is your programming cost is at a multi quarter high at least five quarter high that's what I can see. So why was it high this time, for the other player it came down? Why in your case it has become higher?

- Rohit Jain:** Well it all depends on the, anniversaries of your deals. We did have some of our anniversaries of deals as planned in the budget anyway. So, I think the cost was largely in line with how we had expected to be. But the revenue was impacted as everybody knows because of demonetization, so it was just a result of the revenue impact more than the cost impact.
- Abneesh Roy:** And the content cost deals, now are you spanning relatively shorter term deals, earlier it used to be multiyear, now because merger which is something that is coming in some quarters. So are you signing now, closer to the merger? You would like to renegotiate how you are planning content cost deals?
- Rohit Jain:** I think that is very specific question from the merger point of view. But I think our view on content deal has always been very harmonious with the broadcasters. And naturally as and when the regulations allow us for the merger process to move forward, we will develop strategies around that. At this point we continue to operate the way that we were operating.
- Abneesh Roy:** But no comments on whether short-term deals or long-term deals?
- Saurabh Dhoot:** I think it has no bearing on the content deals honestly. I think post-merger and pre-merger are very different scenarios. It is a different scope altogether of negotiations.
- Abneesh Roy:** And sir one small one – Do you expect de-stocking to happen before GST, whenever it happens supposing July is the date currently being floated so you expect to happen destocking in June?
- Saurabh Dhoot:** Sorry what do you mean by that?
- Abneesh Roy:** Sir the inventory level goes down at the distributor level, at the shop level.
- Saurabh Dhoot:** It does not affect our industry.
- Rohit Jain:** Slightly it might but we don't see any significant impact.
- Saurabh Dhoot:** We don't stock up and keep at retailers, we don't do that. That is not our business model.
- Abneesh Roy:** You may not but distributor might say that because so much change is happening so let me go down much more than earlier, and you don't expect that to happen at the distributor end?
- Saurabh Dhoot:** No, the way our business model is run we do not rely on stocking up of set top boxes or goods and services at the retail point. Our business model is very digital. It does not require stocking of set top boxes etc. at the retailer business model. It is very different from how other consumer durable companies or probably even DTH operators run their business. It is very asset-light.

**Moderator:** Thank you. We have the next question from the line of Vivekananda Subramaniam from Ambit Capital. Please go ahead.

**V. Subramaniam:** I have two questions – one is on the ARPU front, Management mentioned in the initial remarks that demonetization impacted the recharges and hence ARPU. What are your trends that you are seeing in the month of January and has there been any meaningful down trading as well or is it just limited to delayed recharges? Just wanted to understand the tendencies of customers to move to base pack and how do you get them on higher packs? That's one. The second question is on the content deals building on what Abneesh just asked, on the deals that you have you had mentioned earlier that you have a mix of CPS and fixed fee deals. Is there any trend that you are witnessing now that the tariff order is out, that broadcasters want the CPS deals or do they still want to stick to fixed fee deals?

**Rohit Jain:** Regarding your first question Vivek, as far as the customer trends are concerned, I think we are seeing some amount of delayed recharges as was expected due to the cash shortages in the market. We are not seeing much change in the overall trends of downgrade or upgrades I think that part of the business hasn't seen any significant change. Largely, what we are dealing with right now is delayed recharges. I think gradually that's improving by each passing day. There is obviously some impact still there so that there. Like Mr. Khera had shared we are using demonetization as the opportunity to run multiple educational campaigns with customers for whether upgrading or recharging entirely, multiple objectives there we are sort of targeting. So we are using this opportunity to reach out to the customers on multiple levels of education and some of those intents are really long-term in nature. With respect to your second question I think it is difficult to comment on the TRAI draft order at this point. Really, we will be able to evaluate it as and when I think that actually fructifies. Right now, that whole process as we believe is on hold for the time being. Many broadcasters right now seem to be moving towards fixed-fee deals but having such that we have always maintained at a certain level of scale and size like ours, honestly we are not really concerned about fixed deals versus CPS I think both the deals go through a fair amount of rigor of calculations and negotiations behind them. After certain scale and size, it is really inconsequential to a large extent whether those are fixed-fees or CPS deals.

**Moderator:** Thank you. The next question is from the line of Yogesh Kirve from the B&K Securities. Please go ahead.

**Yogesh Kirve:** Sir just staying with the content cost, I would like to have your thoughts on how the content cost could behave in FY18? One of the other earnings call, it was mentioned that because of the competition among the channels and also need to maintain certain level of reach the pricing power of the broadcaster may not be that high, sir just qualitative comments if any?

**Rohit Jain:** In absence of any guidance for the year given the only thing we can say that trajectory wise we certainly expect the content cost as the percentage to come down from where we are today. I

think that's a sure shot expectation. I unfortunately don't have any numbers to give you more color but yes in terms of trajectory we expect it to come down on account of multiple reasons some of which you have laid out.

**Yogesh Kirve:** Sir in terms of cost per subscriber, it was in this quarter down by about 4%. I am referring to the content cost per subscriber base so it was down 4%. So, is that something which is sustainable?

**Rohit Jain:** Well it is difficult to say in terms of the cost per subscriber, I think we generally tend to look at it as a percentage of revenue in terms of business metrics and that's certainly something we expect it to come down. I think the cost per subscriber is variable dependent upon many other factors like growth of ARPU pricing and many other factors. And then obviously, customer is paying, how many suspensions were there, there are many other drivers to that, I think at the end result we look at it more from the margins points of view to see that it comes down as a percentage of revenue contribution.

**Yogesh Kirve:** Sir Secondly now that we will be only deploying the HD box so does it have any material implication on our CAPEX or Subscriber acquisition cost?

**Rohit Jain:** Nothing material I think if you see over the last three-four quarters, you will see that the impact of the mix changes very marginal. It's not more than \$0.50 to \$1 and I don't expect any sort of material impact on that.

**Anil Khera:** In the long run actually the cost will be less because, as and when the customer upgrades to high definition we don't have to change his hardware standard definition and seed the high definition box at that time. In fact, we can do it without the engineer visiting his house through our backend systems the activation of high definition.

**Yogesh Kirve:** Sir finally can you talk about how many HD subscribers that we have as the percentage of overall base? I am sorry if you have already mentioned that.

**Anil Khera:** We have 13% of our subscribers as high definition subscribers.

**Moderator:** Thank you next question is from the line of Siddhart Bera from Nomura. Please go ahead.

**Siddhart Bera:** Thanks for the opportunity. Sir first of all, would it possible to quantify how much our revenues would have been higher in case there was no demonetization during the quarter?

**Rohit Jain:** I think something more like a single-high digit, probably a mid-to single-high digit in terms of revenue and maybe slightly low -teens impact in terms of subscriber addition.

- Siddhart Bera:** Okay, so 5% to 7% or 8% EBITDA revenues could have been higher; Okay. Sir second thing is on your subscriber mix, what percentage of your subscribers would be beyond top 40 or 50 or whatever metrics you look at it?
- Rohit Jain:** Well we haven't laid out any such breakup but our overall mix of subscriber is largely in line with demographic of the country we believe but we haven't segmented such a data.
- Siddhart Bera:** Okay. Sir my last question is on merger timelines, what is the next step and what are the key steps before which we consider merger and when can we expect that merger to be finalized any time line on that?
- Rohit Jain:** There are multiple levels of regulatory frameworks to go through. We have already filed with the Competition Commission of India about a month and a half back so that process is going on. And other processes will kick in at various points. Our expectation is this to get done hopefully by somewhere around September-October this year. We have obviously guided the market for one year time-period from the date of announcement. By September-October hopefully just we could see this done.
- Siddhart Bera:** Sir main decision will be by CCI after that it should be mostly regulatory formalities is it the right way or I mean there are other?
- Rohit Jain:** We do need to go through all approvals so I wouldn't like to qualify one over the another but we certainly need to go through CCI and others, Dish TV now in their case also need to go through stock exchange in India, we need to go through the Company Law Board, we need to go through the MIB. So there are multiple levels of regulatory processes to go through and there is certain amount of time involve in each of those processes.
- Moderator:** Thank you. Our next question is from the line of Jai Doshi from Kotak Securities. Please go ahead.
- Jai Doshi:** Just couple of bookkeeping questions from my end. One what would be the CPE cost including of indirect taxes for you for both HD and SD?
- Rohit Jain:** Well our average cost would be about INR 2,500 I mean the difference between the standard and the high definition is nothing significant, but the weighted average would be approximately INR 2500.
- Jai Doshi:** It does include applicable taxes as well, right?
- Rohit Jain:** This is the landed cost to the company.

**Jai Doshi:** Understood. And would you be able to give some color on your subscriber mix as in 13% is HD something which we all know but off the balance 87% how much would be contribution of base pack and may be packs having tariffs lower than base pack?

**Rohit Jain:** Again we haven't segmented such data in the market, but yes there would be a fair percentage of the base pack. Of course, there will be a good percentage of Sports and English and everything, but we haven't segmented such data.

**Moderator:** Thank you. The next question is from line of Prasad Padala from Invest Tech. Please go ahead.

**Prasad Padala:** Just one question from my end, when are you planning to put the merger for most of approval to in front of your minority shareholder. Is it going to be after CCI approval or can it be done before?

**Rohit Jain:** It will be after. In due course of time we have to file with the High Court that process is now being taken over. That process has got passed on to National Tribunal. The National Tribunal in their own process will call upon shareholders' voting, creditors' voting, lenders' voting all of that will be called upon under the jurisdiction and process that is laid down by National Tribunal and that when we will be doing the entire approval process with the shareholders and other stakeholders. So earlier this process was done by the high court, recently this has got changed over now.

**Moderator:** Thank you. Next we have the follow up question from the line of Vivekananda Subramaniam from Ambit Capital. Please go ahead.

**V. Subramaniam:** Just wanted to understand on the HD push that we are doing now, so you are saying that virtually all new subscribers are being seeded with HD Boxes, is that understanding correct? And the second related question here is, what are the various price points for your top up like HD add-ons that you have? What is the minimum that a customer needs to pay to get onboard HD or get HD content in Hindi and regional markets, if you would help us with that?

**Anil Khara:** Okay. You see our first initiative was to feed as many high definition boxes as possible. The process which we started two years ago and we have been successful in seeding a large number of high definition boxes among the new acquisition in India. And as I mentioned that we have now stopped procuring standard definition box that means for last two months our 100% purchases have been high definition boxes. So all the boxes which we will be seeding now will be high definition. Even the customer is asking for the standard definition connection, the high definition box will be seeded in the house. So, this will give us an advantage in near future whenever he wants to upgrade to high definition services, our engineer need not visit his house and the high definition activation can be done from our backend system. Now in order to bring more focus on High Definition, number one step we have increased the number of channels in High Definition. And from earlier 42 to 45 now we

have gone to 60. We have further plan to take our High Definition channels offerings up and so more and more people should subscribe to high definition, now we are introducing the sachet pack for High Definition and minimum subscription could be from INR 60 onwards for a particular genre for a customer to subscribe over high definition channel. If he is subscribing to entire bouquet as you can see on our website our charges vary from INR 150 to INR 175 a month. So, there are few people who only want to see only Sports in High Definition so now he can do so just by subscribing only Sports in High Definition and rest of the channels he can still continue in Standard Definition.

**V. Subramaniam:** And also these light or sachet HD packs also available to the customers who opt for the flexi INR 99 pack plus add-ons or is it only applicable to the higher pack subscriber?

**Anil Khara:** It will be applicable to anyone as long as the as the high definition box and he has the high definition panel at home. And mostly high definition panel and high definition setup box owners, we have seen trends that he subscribes to the higher pack.

**V. Subramaniam:** Right. Okay and sir lastly if you could just help us understand how prominent is the 99 Flexi pack is to your current subscription mix? If not quantifying the Flexi pack but at least directionally where that is headed?

**Rohit Jain:** It is not significant portion of our deal, the growth we see in the higher packs continuous to be higher than the growth we see in lower packs.

**Moderator:** Thank you very much. That was the last question ladies and gentlemen. As there are no further questions that concludes this conference on behalf of Videocon d2h Ltd. Thank you for joining us and you may now disconnect your lines.