



“Videocon d2h Limited Global Investors Conference Call”

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Moderator: Ladies and gentlemen, good day and welcome to the Videocon Limited Global Investors Conference Call. As a reminder, all participant lines will be in the listen-only mode. 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 '*' then '0' on your touchtone telephone.

I would now like to hand the conference over to Ms. Nupur Agarwal -- Head of Investor Relations. Thank you and over to you, ma'am!

Nupur Agarwal: Thank you. Welcome everyone to our Investor Call. I have with us the management of the 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 the call to Mr. Saurabh for his comments.

Saurabh Dhoot: Hello, I am delighted to announce that the Board of Directors of Videocon d2h and Dish TV India have approved a scheme of arrangement for amalgamation of Videocon d2h into Dish TV Limited and form a combined entity, which will be Dish TV Videocon Limited.

The amalgamation would be consideration for new stock issuance by Dish TV to the shareholders of Videocon d2h. This landmark merger deal with Dish TV India will create a leading Pay TV company in terms of subscriber base in fast growing market in India.

The combined company would be named Dish TV Videocon Limited and would cater to nearly close to 28 million net subscribers, that is about 16% of the total share of TV households in India or around 19% share of Pay TV homes in India.

Dish TV and Videocon d2h will merge in an all-stock transaction under the terms of the merger; one Videocon d2h equity share would get 2.018 share of Dish TV. As you know four d2h share equates to 1 ADS hence, this translate into 8.07 shares of Dish TV India for every 1 ADS of Videocon d2h.

In this from the combined entity's ownership would be reflected by 55.4% of Dish TV shareholders and 44.6% of the combined entity would be owned by the Videocon d2h shareholders.

The all stock merger provides the combined entity financial flexibility to pursue the long-term goal and of course the choice to shareholders to enjoy the value unlocking of this scale and platform in the long run.

Merged entity would be listed on the Bombay Stock Exchange and the National Stock Exchange in India.

The ADR holders of Videocon d2h will have the option to own the India listed shares or the U.S. dollar denominated GDR of Dish TV which is an existing program on the Luxembourg Stock Exchange.

The combined entity would be run by the senior management of both the organizations and would be led by Mr. Jawahar Goel as the Chairman and Managing Director. Videocon d2h promoters will have the rights to appoint two directors on the board of the combined entity as Vice Chairman and the Deputy Managing Director.

Clearly, the merger would, in years to come, lead to significant cost synergy as well as enhance our ability to grow alternate revenue streams such as carriage, advertising, value added services, and new channel launches which are also margin accretive.

We believe, a DTH operator catering to over 25 million subscribers - 30 million subscribers is bound to benefit from huge scale advantages.

The backend integration of the two companies will occur in multiple phases, expanding over few years. The full benefits of synergies will keep coming from medium-term to long-term.

We are naturally more excited about the long-term benefit of the complimentary skill set that the two companies bring to the table.

The proven distribution expertise, service expertise, Set-Top-Box sourcing advantage of Videocon d2h's existing strength and Dish TV's clear extensive media experience and content expertise. We can create a power service offering for our customers and all of this will create and unlock great value for shareholders and our investors.

The deal will not impact the subscribers of Dish TV and Videocon d2h and they will continue to receive their services, channel lineup, and customer care as usual.

The merger requires customary approval; shareholder approval; creditor approval; necessary regular approval. It does need to go through the approval process from CCI (Competition Commission of India); the High Court; the Ministry of Information and Broadcasting; SEBI, The Securities and Exchange Board of India; Stock Exchanges and of course the requirements of SEC. At the appropriate time shareholders voting for the deal will be conduct under the supervision of the High Court.

We expect the merger process to take around 12 months.

Nupur Agarwal:

Okay. With this, we open the floor for questions.

Moderator: Sure, thank you very much, ma'am. Ladies and gentlemen, we will now begin the Question-and-Answer Session. We have first question from the line of Rohit Dokania from IDFC Securities. Please go ahead.

Rohit Dokania: Just two - three points from my side, could you please talk about whether there would continue to be dual brands or would the brands be merged? Also, if you can talk about the backend network, the two parallel networks continue to function or that will also be merged over a period of time? And lastly, in terms of accounting whose policy would you follow it? Will it be the Dish TV policy or will you go back to Videocon policy in terms of specifically in terms of license fee? Thank you.

Saurabh Dhoot: Right. The company as I said, will be renamed Dish TV Videocon Limited. The plan is to continue the operational brands mainly Videocon d2h, Dish TV as well as the regional zing offering as distinct brands in the market for at least two years going into the combination. Each of the brands have its own brand following and market and the intent is to not disrupt the two going into the combination. Also, we have clear opportunities coming up to enjoy the organic growth as digitization progresses and we will be taking advantage of that. The growth outlook remains intact and of course we would remain excited and fully prepared to see the Phase III, Phase IV growth opportunity in the fastest growing Pay TV markets in the world. Now, you already know that there is a difference in accounting of license fees and new subscriber revenue recognition between Videocon d2h and Dish TV. However, Videocon d2h EBITDA is largely comparable to Dish TV. In fact, the impact of license fee accounting difference would be probably around 1%-2% of revenues and this gets negated by the difference in new subscriber accounting policy. So, overall speaking, the net impact of the two is marginal on overall financials.

Rohit Dokania: Okay, sure. And lastly, on the backend network please.

Saurabh Dhoot: Well like I said, the network follows brand.

Moderator: Thank you. We have our next question from the line of George Brokaw from Trafelet Brokaw. Please go ahead.

George Brokaw: I wonder if you could just provide a little bit of context for the synergies whatever you feel comfortable with.

Saurabh Dhoot: Thank you. We are very excited about the long-term benefit of the complimentary skill set the two bring. I mentioned our distribution service expertise, sourcing advantages of Set-Top-Boxes, Dish TV's extensive media and content expertise; naturally, both will play a major role in providing a powerful service offering for our customers. The proposed combination will create scale benefits for all stakeholders. There will be better growth opportunity for our employees, expanded sales and service network you can imagine the scale which would unrivaled with regard of the service network for our customers, which will arguably lead to a

far better market adjustability. Delivery of a larger subscriber community to the content providers and advertisers that means far more abilities for us to provide more utility to our customers which will obviously triple into revenue. From an economic standalone for our shareholders, the merge entity will drive value of unlocking from combined sourcing, purchasing, product development, development of new conversion technology will be very exciting in the new framework of wireless broadband taking up speed in India, improve distribution, improve customer servicing and support, network CAPEX, infrastructure consolidation, and naturally leveraging the best practices which would be individual to management of the two company. All of this will drive better value for shareholders.

Moderator Thank you. Next question is from the line of Brett Harriss from Gabelli & Co. Please go ahead.

Brett Harriss: Could you provide just a brief overview of the regulatory process, may be what are some key events we should be waiting for and what are some variables that could push the closing beyond the 12-month expectation that you provided, if any?

Saurabh Dhoot: Right. So, well like I said, the deal would be around 12 months; it could be before, it could take may be one month or two months longer, the following approvals required by Stock Exchange, Bombay High Court, CCI, shareholders, MIB. The CCI process would begin and naturally the shareholder voting will be after SEBI and CCI approval and post which we will file it with the High Court and then the shareholding voting will be as per the direction of the High Court. So, I would say the regulatory process will follow from that.

Brett Harriss: Great, thank you. And I guess just one follow-up, could you talk about some of the valuation considerations that you gave to the deal?

Saurabh Dhoot: Sure. So, the all stock combination of ratio reflects the relative value of each business across operating, financials and trading metrics, so, we have subscribers and subscriber additions in consideration, we have the financials, we have the revenue, EBITDA and the growth in consideration and we also have the trading metric in consideration. It is a combination combining Dish's scale and profitability with d2h's scale and growth. Naturally, the scale and efficiencies benefit generated from this will be a win-win for an all the stakeholders combine in this. The relative values of the business as I mentioned are pegged at that 55.4% for Dish TV shareholders in the new combined entity 44.6% for the Videocon d2h shareholders in the combined entity that would mean technically Dish TV issuing 857.79 million shares as consideration.

Moderator Thank you. Next question is from the line of Alex Ryerson from Luxor Capital. Please go ahead.

Alex Ryerson: Can you provide some clarification on the ADR price in the merger consideration it is a confusing with all the adjustments that you made.

- Saurabh Dhoot:** An ADS is represented by 4 shares of Videocon d2h, right and each DTH shareholder would get 2.018 shares of Dish TV. So, effectively we are saying one ADS holder would be equivalent to 8.07 shares of Dish TV.
- Alex Ryerson:** By my math I am using a 66.5 exchange I guess that is something like \$10.63 on the ADR is that general in the ballpark using Dish TV's closing price on today?
- Saurabh Dhoot:** Well the exchange rate is not reflected today.
- Alex Ryerson:** Right. Looking at Dish TV stock price of 87.45 and you think these in India rupee to U.S. dollar exchange rate today, I will get something like \$10.63 equivalent for the Videocon listed equity? I just want to make sure that I am doing that math correctly.
- Nupur Agarwal:** Yes, the math is correct.
- Alex Ryerson:** It sounds like the combined entity the Dish TV Videocon will not be trading on the NASDAQ like Videocon is currently trading today?
- Saurabh Dhoot:** Yes, we merged into Dish TV, and Dish TV has listed on BSE, NSE and has the GDR program on Luxembourg so, we pick onto that.
- Moderator** Thank you. Next question is from the line of Prashant Premkumar from Consilium. Please go ahead.
- Prashant Premkumar:** I had a question on the brand, you said, we are going to follow dual brand. Will the Merged Co be paying some kind of brand fee or royalty to the group for the use of Videocon and if so, can you quantify it?
- Saurabh Dhoot:** It is very negligible number.
- Moderator** Thank you. Next question is from the line of Jay Li from Trafelet Brokaw. Please go ahead.
- Jay Li:** To follow-up on an earlier question, could you quantify some of the potential synergy opportunities that you see here?
- Saurabh Dhoot:** Well, we will work on our joint business plan post receipt of requisite regulatory approval. I would be in a better position to quantify that at that time. First, the analysts would be anyway getting their heads on this already.
- Jay Li:** Okay. But what sort of timeframe could we expect in update on the quantification of the opportunities?
- Saurabh Dhoot:** It will be anywhere between one quarter to two quarters.

- Moderator** Thank you. We have a follow-up question from the line of Jay Li from Trafelet Brokaw. Please go ahead.
- Jay Li:** The follow-up question I had was; could you talk a bit about how you expect this to change the competitive landscape moving from four large d2h players to three?
- Saurabh Dhoot:** I would like to point out over here, and you will appreciate, that the Indian market is quite large unorganized, fragmented. So, while the combination creates large scale, I would not refer to it that is creating a dominant position in the industry. The combined platform would have almost close to 30 million net subs in India; but that would be out of a total of 175 million TV households and even from a Pay TV industry perspective, close to 20% or from 145 million households. So, that is really we actually have the digitization of Phase III, Phase IV, a 50 million - 60 million analog homes Pay TV converted the new TV homes being coming up. We continue to have a very good organic road map in the industry and I am sure, all the players in this segment which includes cable operator and DTH operators are clearly all positioned to take opportunity of this. From past experiences we have consistently being very good with regards of having market leadership on the organic growth. I am sure the brand would continue to have that and even better it with the even better services offering, with the backing of our more revamped distribution and services infrastructure.
- Moderator** Thank you. We have follow-up question from the line of Rohit Dokania from IDFC Securities. Please go ahead.
- Rohit Dokania:** Just one quick question, can you talk about, if there is any lock in period for the promoters of Dish and Videocon post the amalgamation?
- Saurabh Dhoot:** No, I do not think there is a position for that.
- Moderator:** We have next question from the line of Matthew Dougherty from KD Capital. Please go ahead.
- Matthew Dougherty:** So, my question was, can we assume that going forward as a combined company, will Videocon be able to get their content cost more in line to those that the content cost as a percentage of sales that Dish is currently getting?
- Saurabh Dhoot:** Well, the combined entity will ensure that all the synergies that should be in place with regards to the best management practices, industry know-how specific skill set of the combined management. I am sure, the whole target would be towards ensuring that all of that gets captured in and all of that benefit which should accrue to the combined entity should occur.
- Matthew Dougherty:** Great, thanks. And one more, have you guys given any guidance in terms of the capital structure or how much of that will be at the combined entity? Will you just be adding the debt of the two companies or will Dish TV be issuing new debt and paying down Videocon's existing debt or how should we think about that?

Saurabh Dhoot: How you treat it is technical in nature. I think the point is that the combined entity takes the combined liabilities as one and how they treat that subsequently or incidence that will change the equation. Now, with regards if you see on let us say pro forma basis to get a rough idea as of 30th September, 2016, you could see that the implied net debt would be somewhere around INR 21 billion and that seems to from a pro forma EBITDA of the combined basis at close to INR 19 billion you could see this is very comfortable net debt to EBITDA ratio and its around 1 and naturally, this will further improve, if you look at the H1 figures of both the companies EBITDA. So, I feel very comfortable with the leverage level.

Moderator Thank you. Next question is from the line of Neeta Khelnani from B&K Securities. Please go ahead.

Neeta Khelnani: Sir, if we look at the ARPU year-on-year growth for Dish TV and Videocon, Dish TV has reported a 1% sort of Y-On-Y growth for the last four quarters whereas, Videocon's ARPUs growth has been in the range of 6% to 8%. Similarly, net subscriber's additions; if you look at the growth numbers, Dish TV has been clocking around 11% to 12% growth in the subscribers whereas Videocon's growth has been in upwards of 15%. So, clearly Videocon has been doing better than Dish TV in these two operating parameters, I wanted to understand the diversions and how will the combine entity play out on these two fronts?

Saurabh Dhoot: Well like I said, when we talk about a combination, naturally we are very excited about all the opportunities of the combination and that clearly means getting the best out of the practices of each companies. Each of us have great trend, both have built a great platform, both are really admired brands, when we admired the relationship with all stakeholders, so, clearly it is the coming together of two great platforms, great management team, great set of promoters who have executed and done very well. And this combination clearly reflects the scale and profitability of Dish and the scope in future and Videocon d2h's scale and growth and its future. I would also add, I am very pleased to be partner with such a fine family and entrepreneur, their visionaries in content and platform. We really have a lot of respect for the Dish promoters, the management and I really look forward to working with them, making the best company in India in terms of media and definitely, of course the new digital media opportunity.

Neeta Khelnani: That is great, sir. Sir, to be a little more specific, okay from Videocon's perspective, can you explain the reasons for outperformance in the Indian market of Videocon vis-à-vis Dish TV in the last few quarters?

Saurabh Dhoot: I am not going to compare one company versus the other five DTH operators. I think, it is very clear from the beginning for Videocon d2h, that Videocon d2h and its management team has singularly focused on great execution with regards when it set out to launch with DTH operations late 2009, early 2010 March. Naturally it was the last entrant in the DTH space, from then it has followed a plain simple strategy of great execution and technology on marketing, on sales distribution, on great service. And all of that remains to be your basic

simplicity in what delivers and quarter-on-quarter of consistent growth and leadership which our management team has shown in the last five years - six years.

Neeta Khelnani: Okay. And sir, at any point in time after the two years, would you be looking to merge both the brands to Videocon, or to Dish Videocon or probably operate as a single brand in the Indian market?

Saurabh Dhoot: In the very long-term we evaluate almost everything, but the right thing to do from the perspective of what gives us best growth, what gives us best synergies, what gives us best economic value to our stakeholders, especially our shareholder so, from that perspective, it will be very premature to give decision or a direction or a wish list or belief today. What is important today is that each of the brands has its very clear brand following and we should not disrupt the two given the beautiful organic opportunity of digitization which you are seeing out unrolling and which will be there to enjoy for quite some time. And with that perspective in mind we should continue the operational brands within the combined entity.

Neeta Khelnani: Okay. And sir, just a last question, I wanted to understand if there any geographic clusters where you an upper hand and where Dish TV, I mean, is there any segmentation in terms of geography or the areas are largely overlapping?

Saurabh Dhoot: Well, we both are national DTH players and with significant platform built across the entire country so, naturally there would be areas where we could stand-out and there will be areas where other brands stand out. But I would not say that there would be a stock difference in one particular geography versus the other.

Moderator: Thank you, ladies and gentlemen that was the last question for today. We would like to conclude the conference call. On behalf of Videocon d2h Limited, that concludes this conference call. Thank you for joining us and you may now disconnect your lines.