

# Hathway Cable & Datacom Limited

## PRESS RELEASE

### STAND ALONE SECOND QUARTER ENDED SEPTEMBER 30, 2012 (UNAUDITED)

The Board of Directors of Hathway Cable and Datacom Limited (Hathway) (BSE:533162 NSE: HATHWAY) in its meeting held on 08<sup>th</sup> November 2012, had taken on record the unaudited standalone financials for Q2 FY 13 & of the company.

The financial statements taken on record by the Board are summarized below:

#### Standalone Statement of Accounts Q2FY13 (Unaudited)

Rs. in Million

Hathway Cable & Datacom Limited	Q2 FY13	Q1 FY13	Q2 FY12	FY13	FY12
	3 Month	3 Month	3 Month	H1 - 6 Month	
<b>Income</b>					
Income from Operations	1,304	1,346	1,275	2,650	2,481
Other Operating Income	21	17	10	38	30
<b>Total</b>	<b>1,325</b>	<b>1,363</b>	<b>1,285</b>	<b>2,687</b>	<b>2,510</b>
<b>Expenditure</b>					
Purchase of stock-in-trade	16	34	38	50	42
Employees cost	107	102	104	209	208
Pay Channel Cost	390	389	346	780	693
Other Expenses	603	600	579	1,203	1,157
<b>Total Expenditure</b>	<b>1,117</b>	<b>1,124</b>	<b>1,067</b>	<b>2,241</b>	<b>2,101</b>
<b>EBITDA before Other Income</b>	<b>208</b>	<b>238</b>	<b>218</b>	<b>446</b>	<b>410</b>
<b>EBITDA before Other Income Margin %</b>	<b>16%</b>	<b>17%</b>	<b>17%</b>	<b>17%</b>	<b>16%</b>
Other Income	31	25	33	55	78
<b>EBITDA Including Other Income</b>	<b>238</b>	<b>263</b>	<b>251</b>	<b>501</b>	<b>488</b>
<b>EBITDA Including Other Income Margin %</b>	<b>18%</b>	<b>19%</b>	<b>20%</b>	<b>19%</b>	<b>19%</b>
Depreciation / Amortization / Impairment	262	237	252	499	517
Foreign Exchange Loss / (Gain)	(45)	46	11	1	3
Finance cost	73	133	87	206	183
Exceptional Items	(40)	6	(1)	(34)	29
Prior Period Adjustment	5	(0)	6	5	6
<b>PAT</b>	<b>(18)</b>	<b>(159)</b>	<b>(103)</b>	<b>(177)</b>	<b>(251)</b>

#### Notes to Financial Statement Q2 FY13 (Unaudited):

- Operating Income mainly consists of Subscription Income from Cable TV and Broadband business, Carriage and Placement Income, Advertisement Income, Activation Income from STB's and other operating Income.



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## **Stand Alone Q2 FY 13 (Unaudited)**

Standalone Operating Revenues for the Quarter ended 30th September, 2012 at Rs 1,325 Mn. EBITDA was at Rs 208 Mn. On Year-on-year basis Revenue growth for the quarter was 3%.

Standalone Operating Revenues for the Half year ended 30th September, 2012 at Rs 2,687 Mn grew sequentially by 7% and EBITDA at Rs 446 Mn by +9% on Year-on-year basis.

*Additionally*, as per management estimates, Hathway's economic interest in the EBITDA of its' several Subsidiaries/JVs/Associate companies for the quarter under review, would aggregate to approximately Rs. 113 Mn. Therefore total economic interest of EBITDA is estimated at Rs. 321 Mn.

## **DAS UPDATE**

Hathway has successfully completed the roll out of DAS in the Phase I cities of Mumbai, Delhi and Kolkata. As of end October 2012 the Company along with its' JV partners had cumulatively deployed 1.7 Mn (1.3 Mn as on 30th September, 2012) STBs in these cities. While this is the highest deployment among the Cable MSOs as on date the Company continues to aggressively deploy additional STBs in the territories it serves. The company has access to an inventory of ~ 0.6 Mn (excluding STBs in transit) in hand. This gives us an opportunity to seed STBs in excess of 2 Mn in total in Phase 1 cities. On a consolidated all India basis, Hathway, its' subsidiaries and JV partner's have reached ~ 2.7Mn Digital (3 Mn as on date) Subscribers as of end September 2012.

We have concluded deals with all major broadcasters. Consequently, we have been able to publish our packages for DAS subscribers along with the Ala Carte rates. We expect to launch attractive combo offers bundling Cable Television and Broadband services thus differentiating the offering from competing DTH players. Hathway has also pioneered a attractive HD bouquet that includes a choice of nearly 20 HD channels. Simultaneously, the Company has engaged with Local Cable Operators to educate them on the advantages of DAS services as a means to combat competition from DTH - this has proved fruitful given that subscriber churn at launch has been minimal.

The Company has also partnered with SERCO for customer service support and Magnaquest for outsourced SMS. We undertook a aggressive advertisement campaign in wake of the digitization in Phase 1 areas with several newspaper ads and metro train campaigns across the Phase 1 cities.

The Task Force constituted by the TRAI has now started monitoring the progress towards Digitization in Phase 2 with all stake holders on a weekly basis towards meeting the digitization schedule. The ministry has clearly indicated that Phase 2 of digitization will be rolled out in time. The Company has a very significant presence in cities falling under Phase 2. In order that it meets the Phase 2 roll-out schedule the Company also continues to roll-out STBs in these cities (such as Bangalore, Hyderabad, Pune, Thane, Ahmedabad, Surat, Rajkot, Baroda, Aurangabad, NCR, Indore, Bhopal, Jaipur etc.). The Company is present in over 65% of the cities falling within Phase 2.



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The successful roll-out of DAS in Phase I is indicative of the faith that subscribers have placed on a tried and tested platform - we anticipate that cable television will remain the first choice for a majority of Indian households going forward.

## **BROADBAND UPDATE**

Gross Additions to the Broadband subscriber base was around 26K for the quarter. The cumulative subscriber base were at ~417k. The Company continues to ramp up on its' FOS for corporate / SME sales. The Companies' broadband service network now passes almost 1.5 Mn homes positioning it uniquely among all MSOs and DTH service providers. With DAS being successfully implemented we look upon to increase the customer base with unique bundling scheme to be offered shortly at most competitive rates.

## **Caution Concerning Forward-Looking Statements:**

This document includes certain forward-looking statements. These statements are based on management's current expectations or beliefs, and are subject to uncertainty and changes in circumstances. Actual results may vary materially from those expressed or implied by the statements

Here in due to changes in economic, business, competitive, technological and/or regulatory factors. Hathway Cable & Datacom 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 Hathway Cable & Datacom Limited**

Hathway are the leading cable television services provider in India, as well as one of the leading cable broadband services providers. We offer cable television services across 140 cities and towns and high-speed cable broadband services across 20 cities. We have won a number of awards for our cable television services such as being named "Best MSO" by the Indian Telly Awards Eight Times. Our Company has established 20 digital head-ends in the country.

We hold a PAN India ISP license and were the first cable television services provider to offer broadband internet services. We are currently India's largest cable broadband services provider, with approximately 1.5 million two-way broadband enabled homes passes, as on September 30, 2012. As of December 31, 2011, our subscriber base constituted approximately 46 % of the total cable broadband market in India. In addition to our cable television and broadband service offerings, we also generate advertising and airtime revenue from advertisements aired for and on behalf of channels owned by third parties, such as the Hathway music channel.