

INVESTOR UPDATE

On Key Decisions taken at the Board Meeting dated 12th Jan 2017



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Key Decisions taken at the Board Meeting

1. Approved withdrawal of the scheme of demerger of the Broadband business of the Company into Hathway Broadband Private Limited filed with the Hon'ble High Court of Mumbai.
2. Rescinded the earlier decision of the Board of Directors of the Company taken at its meeting held on 26th May, 2016 to merge the 3 (three) wholly owned subsidiaries (WOS) of the Company into the Company.
3. In-principle approval for spin off the CATV business of the Company into the Company's WOS – Hathway Datacom Central Private Limited.
4. In-principle approval to 5 (five) subsidiaries of the Company to spin off their respective CATV Business into Hathway Datacom Central Private Limited.

Broadband Journey So Far

Customer

- ✓ Focus on high speed broadband services with New subscribers monthly ARPU >Rs. 800.
- ✓ 4 Mn Home Pass build in SEC A homes primarily in major metros .All HNIs clusters covered.
- ✓ Average speed 35 mbps and average monthly usage /customer 40 GB.

Technology /Process

- ✓ Docsis 3 and 3.1, GPON FTTH network , benchmarked with globally best in class.
- ✓ CISCO/ZTE/Nokia /Huwei primary partners.
- ✓ Telco Grade Oracle Billing and Revenue Management System and other customer interface processes.

People

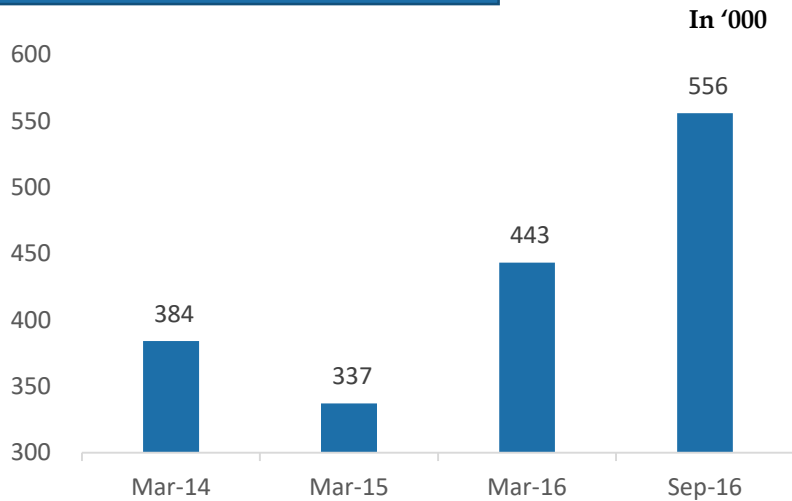
- ✓ Telco/consumer sector experienced new leadership team with bandwidth of creating 10 times existing scale.
- ✓ Focus on brilliant basics execution processes across functions with on ground execution as key differentiator.
- ✓ Excellent coordination between Broadband and Cable on ground teams with both teams co-creating expansion plans.

Cost/Investment

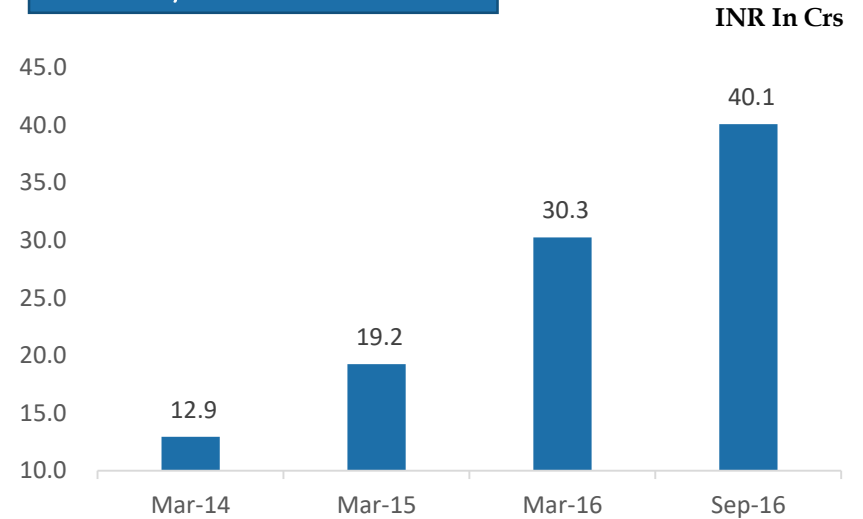
- ✓ Cost Optimization for Enhanced efficiency.
- ✓ Optimum Cost of capital Funding.
- ✓ Productivity Focus for each function to deliver best in industry cost structure.
- ✓ Business Plan for attractive business ROI.

Pioneer in CABLE Broadband Service

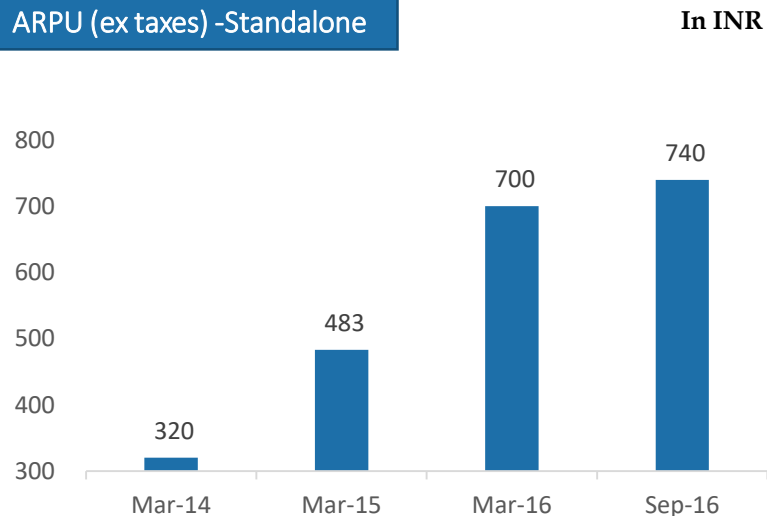
Broadband Subscribers - Standalone



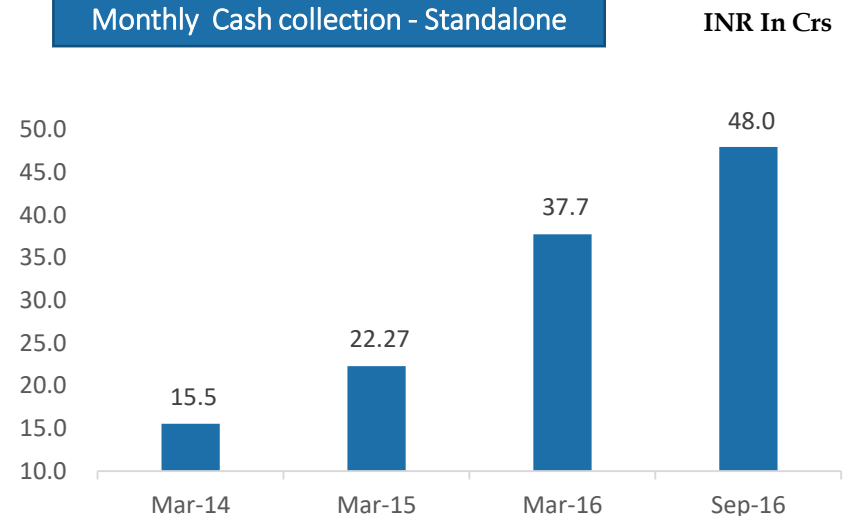
Monthly Revenue-Standalone



ARPU (ex taxes) -Standalone



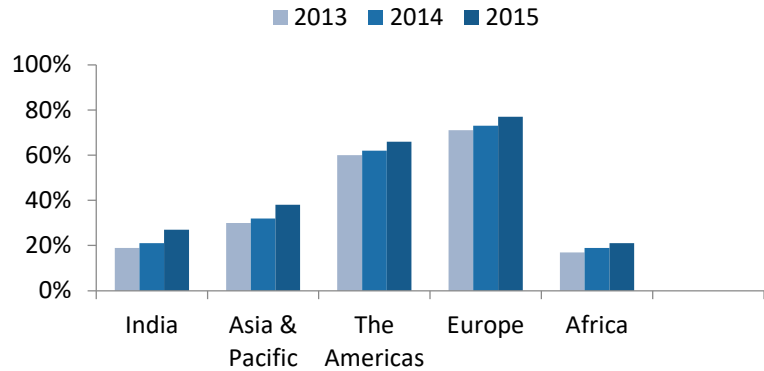
Monthly Cash collection - Standalone



Note : Monthly numbers are calculated based on Exit Quarter average

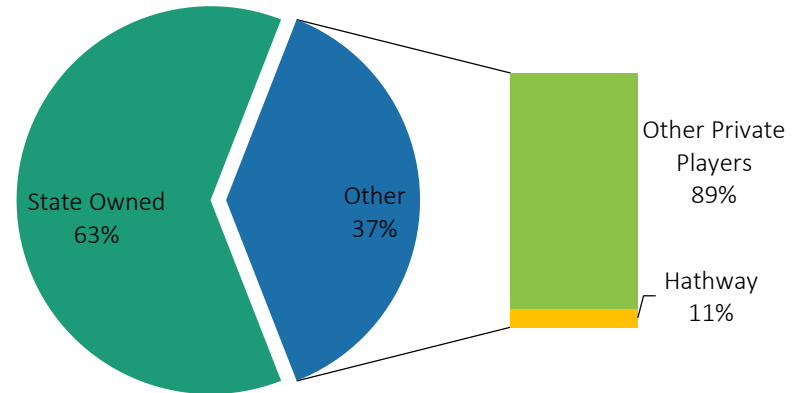
Industry Overview – Broadband Biz.

Internet Penetration in INDIA



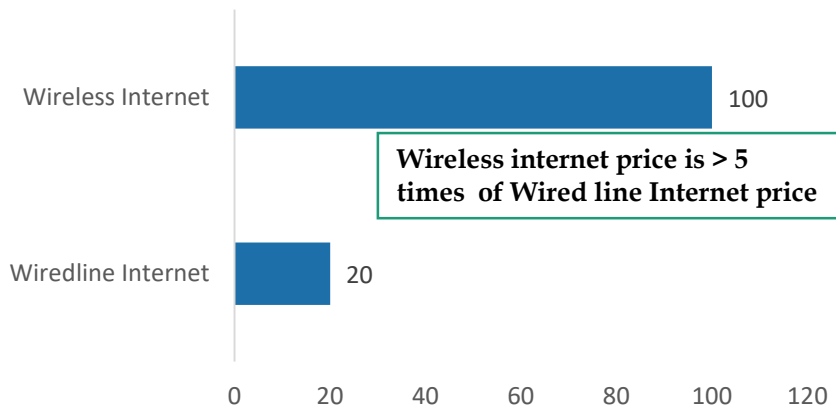
Hathway's Share in Broadband Space

Nos. In Mn

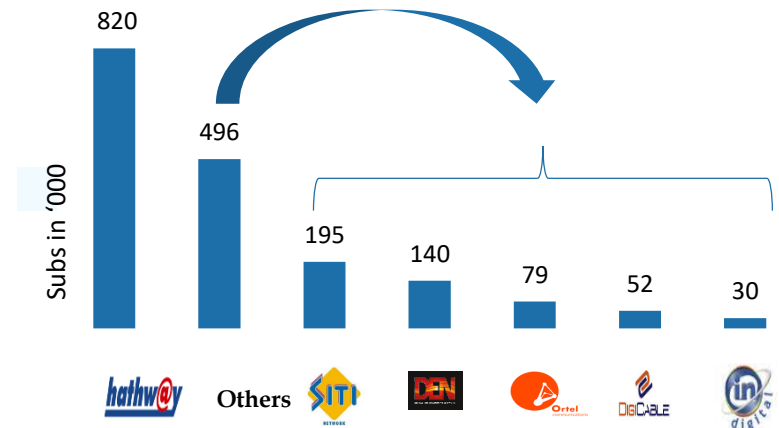


Source : TRAI – June – 2016

Price Per GB



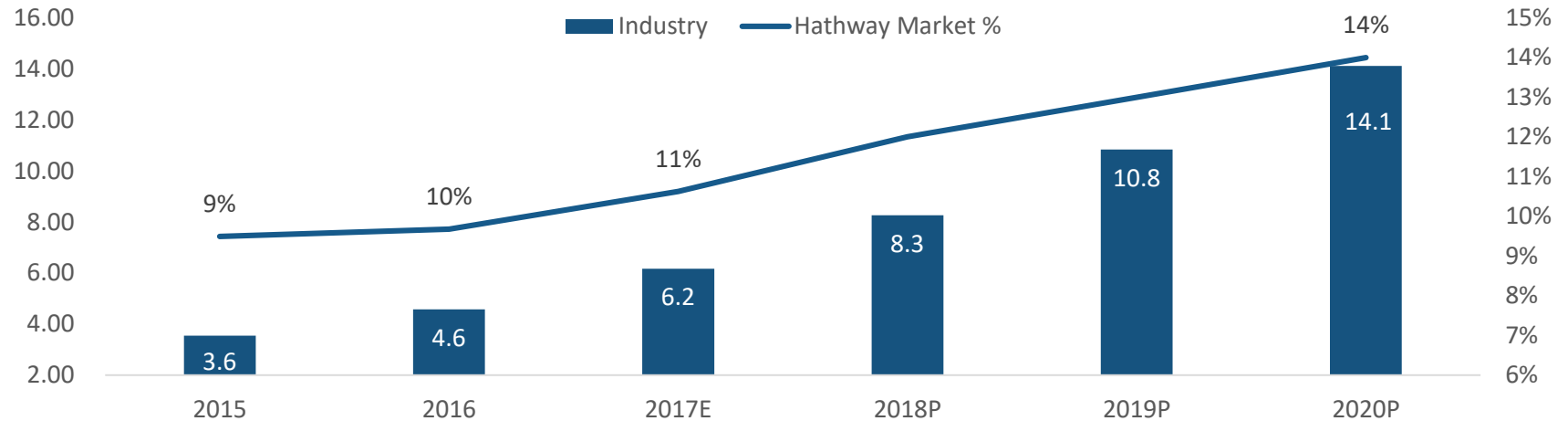
> 1.7x of sum of other leading MSOs



Source : TRAI, UBS Report May 2016, Bloomberg intelligence, ITU, OVUM ,Company website

Broadband Way forward

Nos In Mn



*Source : MPA 2016, Industry Base = Fixed Cable Broadband – ADSL Subs

- ✓ Digital India movement and FTTH/Docsis 3.1 network expansion will enable explosive growth and would help in continuous share gain.
- ✓ Focusing on bandwidth hungry services such as OTT video streaming , gaming , cloud based software , teleconferencing , remote diagnosis , medical services , interactive distance education and rich multi media content to enhance revenue and increase customer loyalty.
- ✓ Network geared to provide 100 mbps average speed and 200 GB average data consumption/month.
- ✓ Focus on customer delight and Net Promoter Score.
- ✓ Co-create with mobility players synergies of Fibre broadband and wireless broadband.
- ✓ Working on SMART Homes and Internet of Things to get full productivity of last mile fibre and high speed Wi-Fi equipment deployed in HNI homes.

CATV Journey So Far

Customer

- ✓ Innovative packaging – 2 base packs, 7 Regional packs & 6 Genre packs.
- ✓ Best In Class Customer interface and user experience (EPG & Barker channel).
- ✓ Enhanced content offering with ~ 50 HD channels.
- ✓ Minimal downtime with sufficient redundancy and stable content offering.

People

- ✓ Mix of Media and telecom professional at all levels & functions.
- ✓ Capability building - Company & LCO staff (4K LCOs and 15K LCO staff trained).
- ✓ Productivity enhancement through use of technology – FOS Mobile App & E-KYC.
- ✓ Re-orientation of organizational culture from B2B to B2B2C.

Technology /Process

- ✓ LCO Empowerment Programme to bring in transparency and autonomy. Implemented HATHWAY CONNECT – Dedicated Portal and Mobile app for the LCO to manage his/ her network independently
- ✓ Self care enabled on web, android and IOS.
- ✓ Launched & revamped 6 in house channels.

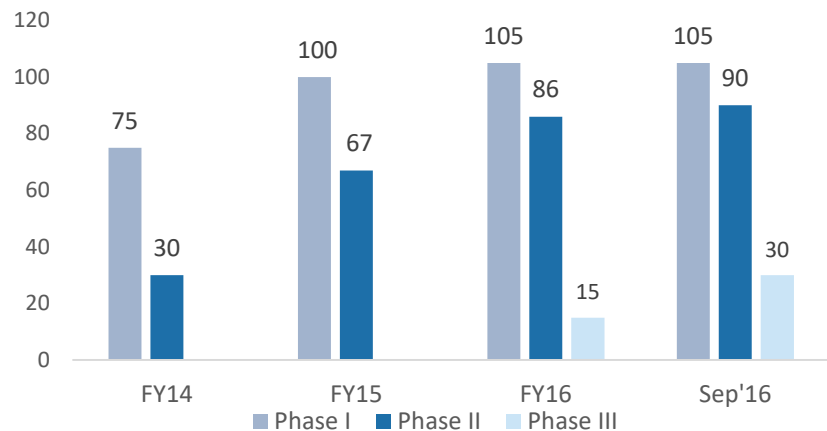
Cost/Investment

- ✓ Reduction in Subsidy on STB from Rs. 800 in Ph1 markets to Rs. 250 in Phase 3 markets.
- ✓ Use of Distribution model for expansion in Phase 3 & 4 markets to reduce fixed cost.
- ✓ Prepaid model to optimize cost and productivity.
- ✓ Introduction of Right To Use (RTU) to increase Primary base.
- ✓ Rationalization of JVs and Subsidiaries for better control and ease of doing business.

CATV KPI

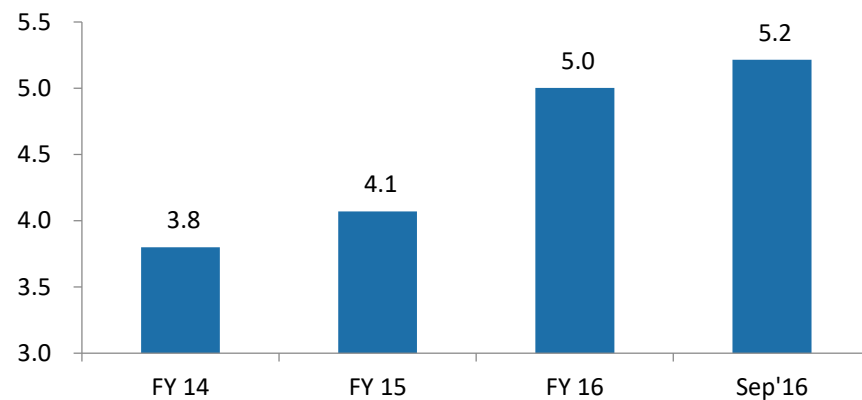
CATV ARPU (Ex taxes) - Standalone

In INR



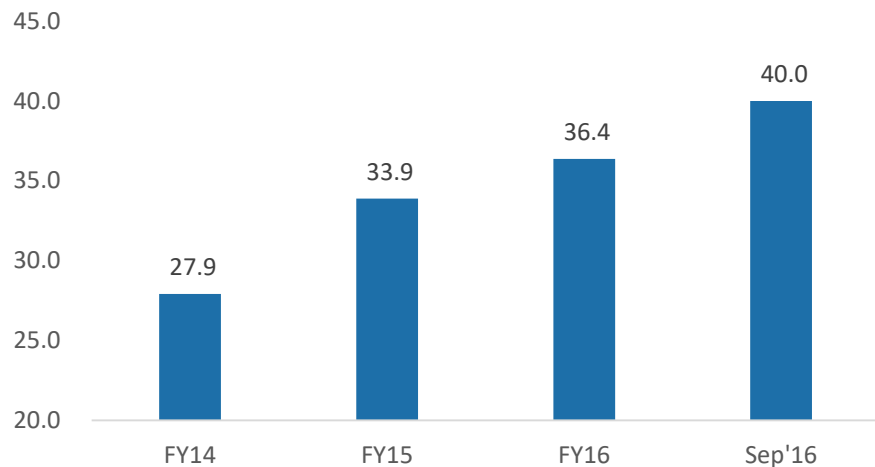
CATV Digital Subscribers - Standalone

In Mn



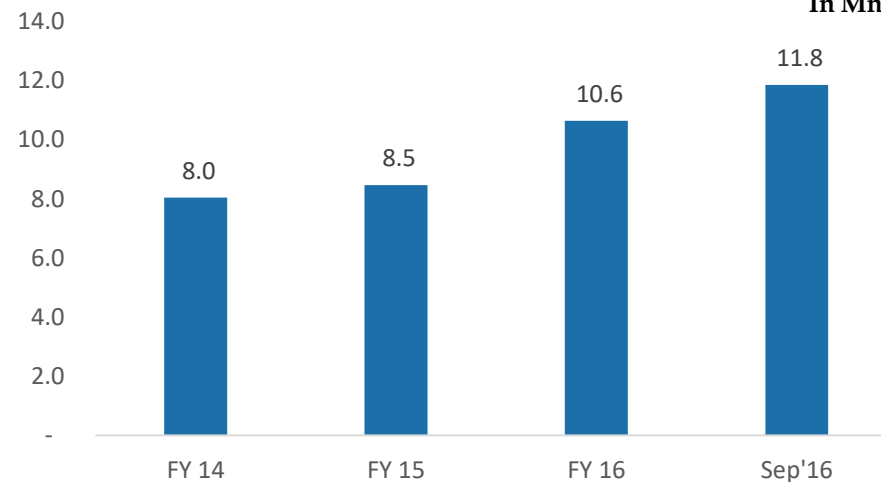
Monthly Revenue – Standalone

INR In Crs



CATV Digital Subscribers (incl JVs, Subs and Associates)

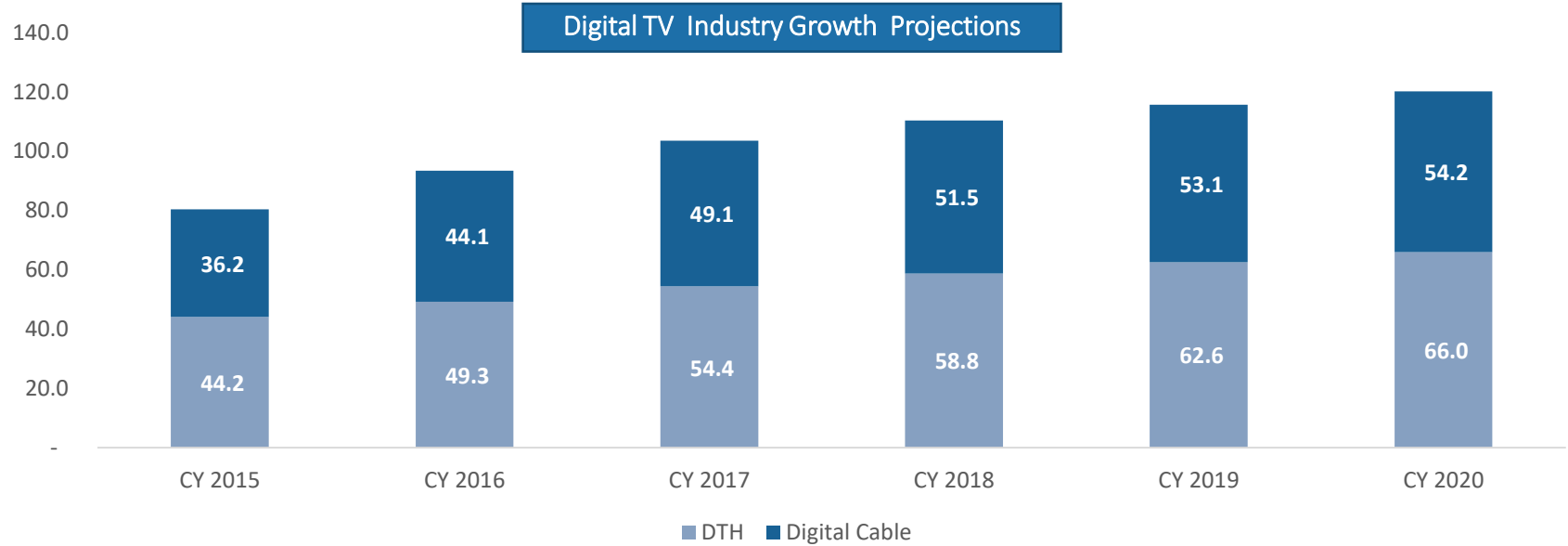
In Mn



Note : Monthly numbers are calculated based on Exit Quarter average Revenues normalized for comparison

CATV – Way Forward

Nos In Mn



*Source : MPA 2016

- ✓ Digital TV industry growth projections continues to be healthy, Hathway is in the best position to leverage the growth.
- ✓ Phase III is greater than the aggregate size of phase I & II. Monetization started, and it will be close to Phase I & II monetization rate over the period of time.
- ✓ For better ROI, Phase IV expansion plan without any subsidy.
- ✓ Increase in HD channels especially in regional languages will fuel demand for HD penetration.
- ✓ New tariff regime will redefine relationship between stake holders.
- ✓ Wide spread industry will look for regional and national level consolidation.
- ✓ Focus on value added services/Localized content to generate revenue.

Rationale of the proposed restructuring

I. Rationale for separation of businesses

1. Carrying on businesses separately would enable focused attention on each of them.
2. It will create an independent structures for future fund raising, for investors interested only in one of the businesses (while the option to invest into both is also available)
3. Separate companies will facilitate benchmarking its performance with established domestic / global peers thereby bringing in enhanced competitiveness

Focused attention to each line of business

Increased competitiveness

II. Rationale for Cable business to be carved out to the wholly owned subsidiary

1. Broadband is the primary growth driver of the business and hence it is preferable to retain the potentially more profitable business in the parent entity.
2. Public Investors will benefit from direct stake in the parent entity housing the high growth potential business.
3. Transfer of Cable business to the WOS of HCDL would retain the value within HCDL

Investors to get direct stake in high growth broadband business

CATV value retained within the Group

Rationale of restructuring

III. Rationale of consolidation of Cable businesses currently housed in subsidiaries / joint ventures

1. Consolidation would result in reduction of overheads, administrative, managerial, compliances and other expenditure and bring about operational rationalization.
2. Reduction in inter-company transactions thereby resulting in no tax leakages and statutory compliances.
3. Ease of implementation of proposed GST law.

Optimum utilization of resources and reduction of overheads

Reduction in inter-company transactions

THANK YOU