

NXTDIGITAL Limited

Investor Meet Conference Call

August 03, 2020

Moderator: Good evening ladies and gentlemen. We welcome to the Investor Meet of NXTDIGITAL Limited. On the management panel we have today Mr. Vynsley Fernandes, Chief Executive Officer, NXTDIGITAL Limited, Mr. Amar Chintopanth, Chief Financial Officer, NXTDIGITAL Limited and Mr. Yugal Kishore Sharma, Chief Executive Officer, ONEOTT iNTERENTAINMENT Limited. The management panel will discuss the company's progress in the digital platform space, and the performance in FY 19-2020. Before we invite the management, we would like to share a few guidelines for the smooth progression of the event.

All participants will be placed on mute mode. We will take questions post the management address. For any query or question, you may use the Q&A window to type your questions with your name and the company name or use the raise hand feature in the zoom control panel. We will first answer the questions in the Q&A window. And then we'll proceed to hands raised, we will unmute the respective participant to ask the question. In the interest of time, we request all participants to limit their questions to two questions per participant. I would now request Mr. Vynsley Fernandes, CEO of NXTDIGITAL Limited to address the participants. Thank you, and over to you, sir.

Vynsley Fernandes: Thank you Mani. Good afternoon ladies and gentlemen at the outset, I want to thank you for taking the time out to join us today. I would like to take this opportunity also to wish you all a Happy Rakshabandhan as well as a belated Eid al-Adha. I have my team with me, it is our first ever interaction and we look forward to sharing with you the progress we've made and the reasons why we're actually coming to talk with you today, as well. So without further ado, because I know you all have very busy schedules, I'm going to put up a deck and get right into it.

For those who don't know, we're part of the Hinduja Group, the Hinduja Group has been around for over 100 years and it's privately held by the Hinduja family. We've got businesses across 11 industry verticals including media, cyber security, healthcare, automobiles, etc. We have an active base across over 100 countries in six continents. We employ over 150,000 people across the world and our group is an international investor and India is one of the many investing destinations that we have. I wanted to share with you our media journey, I will try to be as crisp as possible. We've completed 25 years, this February and this is our silver

anniversary year. We've been around since 1995, when we started the business, but we set the tone to grow our business in 2015.

We set our business in 2015, when we launched HITS, and that was the tone where the promoters and the business realized that cable television was going to go through a paradigm shift. The industry technology was going to change, and it made sense to prepare and that's the reason why in 2015 we launched our HITS platform. Post that there've been three significant aspects first in 2018, another important factor which has set the tone for us to present to you what we are today is that we've converted our entire subscriber base to prepaid. In fact, as of today about 99.5% of our base is prepaid. Our collection from the cable operator is all prepaid, which means it's a negative working capital model. We also launched our brand and Yugal our CEO is here from ONEOTT ENTERTAINMENT Limited. We launched our FTTH product as well in 2018. Moving on to 2019 a lot of people know 2019 was the year of implementation of NTO, or the new tariff order or new regulatory framework. We launched that successfully in 2019. At the same time, there were two important factors. One was the fact that we launched our managed service model and second was the fact that our broadband business became the sixth ranked ISP in the country. Today in 2020, we're quite proud to say that we've completed our 25th year or rather started our 25th year and we've been able to grow our business, our migrated subscriber basis has crossed 5 million today. We have had sustained profitability for five quarters and as you probably know and you probably read and hear, we've actually averted or avoided coming and talking to too many people until we were sure our model was tried, tested and sustainable.

Today after five quarters we believe we have a right to talk about it and we've created this platform for strategic relations and access to our growth capital that we obviously will look to in the future. Before, I go any further and I again apologize to those who probably know what, Headend in the Sky or HITS is. But I thought I'll take your very quickly through it. The way HITS works is very simple. The signals are received as you can see from a satellite directly at the cable operator premise, irrespective of the location, it could be an operator in Andaman and Nicobar Islands, it could be in Kargil, it could be in Kanyakumari. All it does is, basically it can go digital from anywhere across India by installing this proprietary technology that we devised, called the Cable Operator Premise Equipment (COPE). The operator can go digital in less than 24 hours. The fact is he does not require to be connected to any fiber and therefore is not affected by weather conditions, no fiber cuts, no connectivity issues, and no line of sight, none of the issues that you will see in other technologies. The COPE system that we have designed, it consumes very low power, and it occupies less space, we've designed it like a standard refrigerator one would say, as small as 280 liters refrigerator. And the best part is, we've designed it in multiple flavors starting from small cable operator in the Andaman Islands who doesn't need to give more than 250 channels to his customer or 250 services. So, it starts from 3 lakhs and goes all the way to about 15 lakhs or where a customer can access, as many as 750 services across the country.

This technology that we have put in, it is completely compliant with all the regulations that are there across the country, not just in letter but also in spirit. As we embark adding more customers through multiple routes, there is no additional technology of satellite capacity that is required for us. Therefore, that allows us a very low customer acquisition cost. Effectively, when I look at it, the HITS technology has enabled seamless digital penetration in the most remote areas. Today, there are areas across the country which may not have access to 24*7 electricity, but the four hours that they have electricity, they have a digital service available to them. And this same technology allows a sizeable network sharing opportunity as well.

So obviously, what begets the question is that this technology is really as relevant as I'm saying, I thought I'd just share with you some very interesting factsheet. This deck is available on our website please feel free to download it. The fact remains that we evaluated various technologies and like any other good company, we evaluated the need for a HITS platform in India, we found yes, there is a great model available for it in terms of the size of the market, and it meets with all the requirements. Number one, while you may have cable television that is not affected by weather during heavy rains, I'm sure you've seen the signal on your television set saying please check weather conditions outside and wait for the rain to stop which happens in the case of DTH. But the best part is, in the case of HITS, even though it's delivered by a satellite, it is not affected by weather, because it operates in band called C-Band as against Ku-Band, which DTH operates in and because of the size of the dish the DTH has. Not only that, we're able to deliver via satellite so there's zero dependence on terrestrial issues like fibers getting cut and hostile terrain how do you connect Andaman and Nicobar Islands, how do you connect Lakshadweep, how do you support our defense forces in Kargil by ensuring the system that they receive is as secure as possible. So, you just put in the scope and they go digital immediately.

Not only that there are other features, and I'll only go through them very quickly because I know time is of a sense. One is managed services. We're seeing a sea change happening in the industry. COVID-19 is another factor where there's a lot of MSOs and LCOs, who have faced a number of challenges. One, the fact that technology is keeping on evolving, number two is that costs are keeping on going up, and they're not able to deal with a lot of businesses in the COVID situation. This model is designed to support all MSOs and LCOs and provide them managed services, so they remain relevant and it's a sustainable business model. Can DTH provide it, no they cannot because obviously it's a B2C business as against HITS.

In the case of cable television again, and if you look at all our peers, yes they can provide some element of managed services, but it requires additional costs whereas HITS and I'll go back one slide because, this is the unique technology, every time new free to air channels are added we don't need to make investments. The cable operator can pick up a frequency which we send in terms of data to him, and he's able to keep on adding channels as and when he requires. So, we can continue to let him grow his business. There is a low franchisee and subscriber acquisition costs because we can access and expand to any geography that is there. If we have

a managed service customer who wants to expand his business, we can facilitate that growth across the system.

NXTDIGITAL being the only HITS platform in the country today, it enjoys that significant competitive advantage as the business goes forward and as the digital space in India, which is close to 200 million television households keeps on growing. So, coming back to NXTDIGITAL and the business that we have, we have a 25-year legacy. As I mentioned to you in 1995, we were the first multi system operator in the country and in 2015, we launched our HITS platform. Today we deliver over 700 channels through HITS while cable television delivers about 730 to 750 channels depending on the city, you're in through cable television and we have our own subscriber base of 5.2 million on HITS and cable TV today. Not only that, we're the only platform to offer managed services to other MSOs and I'll explain to you what managed services is in a moment, where we've contracted over 5.16 million Managed services subscribers from various MSOs. We've signed contracts with the whole bunch of national MSOs and others to provide managed services to them. What does this mean? This means they will continue to own the subscriber, they will continue to own the customer, all we're doing as HITS is, we're providing them a satellite delivery mechanism. Let's assume there's an MSO based in Delhi, who wants to deliver his signals, whether digital services or whatever, to 3000 customers in Narela, the cost for them to deliver services to 3000 customers in Narela could be as high as Rs.17 per customer per month, which may not make really business sense to him. The moment he puts in our technology, we deliver the same signal via satellite, there is no fiber connectivity, and the price could go down to Rs.7 which means you would end up saving Rs.10 per subscriber per month. Now, multiply that by the number of subscribers that are there in the country in terms of CATV and how HITS can kind of help them leverage the HITS infrastructure to deliver their own services.

We also have another arm which is our broadband business and my colleague here is on the panel today, we have about 5000 kilometers of underground and overhead optical fiber. If you look at it mainly the trunk routes and we have a very healthy base, which has grown significantly in the last three years to 300,000. A significant number of those have moved to fiber to the home and we've got about 70,000 buildings that are lined up today as ready for installation of RFI as we term it.

When you look at our footprint, our footprint for the business is pretty much all across India. If you look at the purple markers, those are the states that we cover in terms of HITS and if you look at it, Lakshadweep, Andaman and Nicobar Islands far Northeast of India, Ladakh all of those are serviced by our HITS platform. At the same time we have cable television in all the key cities where cable TV makes more business sense in terms of ROI and then we have broadband in 40 cities spread out across the country, which we are looking to grow.

One interesting fact I'd like to bring to your to notice is that one thing that we focused on with HITS, and we're very happy because that was the vision we saw in 2015, is that 60% of our

subscribers today are in the fastest growing markets of semi-urban, semi-rural and rural India. Those are the markets where our ARPUs continue to see growth because those are still in the phase of evolution which has still not been achieved. All of this is of course has been achieved due to the fact that we have 9000 LCOs across the country in 1500 cities and 30,000 feet on street which is the LCOs team on the ground. So that's the amount of foot soldiers that's there, should we look to expand the scope of services that we provide as a business.

Before I go any further, you're all aware of the fact that we've been undertaking a restructuring exercise to simplify our holding structure, but more importantly to make us agile and facilitate our growth. I'd request Amar Chintopanth who is my colleague and CFO on the call to very quickly take you through the existing corporate structure and where we will be at. Amar, if I may request you please.

Amar Chintopanth:

Thanks, Vynsley. Good afternoon everyone. So, I'll explain to you how the structure has been till now, why it has been that way and how are we changing it. The current structure is now we have NXTDIGITAL Limited which was earlier Hinduja Ventures Limited as you all know, Hinduja Ventures Limited was the holding company largely, so it holds 77.55% equity shareholding in IMCL and IMCL is a major investment of Hinduja Ventures for NXTDIGITAL now. IMCL in the past held redeemable preference shares in a company called ONEOTT iNTERENTAINMENT Limited, which was a broadband company. We had these separate companies, because we were focusing on these businesses, we had CEOs and teams working on these businesses, and IMCL below that had about four JVs, these are JVs in smaller towns and cities where we cannot go by ourselves. So, we have JVs in Kolhapur, Sangli and a couple of other places. This was the structure, till about August of last year, then as we achieved stability in our business, we thought that the legal structure and the business structure have to coincide so that we become agile to grow. So, what have we done?

We have NXTDIGITAL Limited which has been a holding company now. We have filed for a scheme of demerger whereby the business of IMCL that is the cable TV and HITS business of IMCL are getting demerged into NXTDIGITAL Limited that's point number one. So, NXTDIGITAL Limited is becoming an operating company from purely holding company. Second thing we are doing is, ONEOTT iNTERENTAINMENT Limited which is a broadband company is coming as directly under NXTDIGITAL Limited. So, under the banner of NXTDIGITAL Limited, we have the cable TV and HITS business, it has a direct subsidiary which is called One ONEOTT iNTERENTAINMENT Limited and we have a small subsidiary below that which has got some content library, which basically goes on our network.

IMCL the erstwhile IMCL will continue purely as a company which has got some passive infrastructure and the four JVs which are all profitable, they come under IMCL. What we have tried to do is match the legal structure along with the business structure so that it helps us to be agile, it also sort of helps us to create value and in case we need growth capital and things like that we can actively take advantage. Thanks, Vynsley.

Vynsley Fernandes:

Thank you. So on that note, where Amar left off, we have a very robust team today we're led by our Chairman, Ashok P Hinduja who as you know is a visionary in this field and across several industries as well. We have a strong management team with each person having over 30 years of experience across the board, whether it's my colleagues Yugal who has 26 years of experience in the space, Amar who is very strong in terms of not just managing financial portfolios, but also in areas of business strategy, capital raising and structuring. We have a very strong operating management team as well, with my colleagues Rouse who is the COO, Ru who is our CTO and Ajay Sharma who is the General Counsel. So, we have a very strong team, and this is only level one, and I can't even call it level two, but we call it level 1.5, because at level two, we have some incredible people as well, with a lot of experience in delivering assignments and have proven themselves in the space.

I'll take you very quickly through the industry trends today and why we consider this business as being on a positive growth trajectory. If you look at it, a lot of people said radio is dead and what's going to happen to it when TV came in. Similarly for television a lot of people are talking about, what happens in the case when digital comes in? The fact is, television is here to stay and grow, when you look at the numbers and compare our numbers to the West, India is still at a low 66% penetration in terms of the TV viewing audience in the country, we're talking about 836 million out of 1.4 billion in terms of viewing. So very clearly, our penetration is yet to catch up with the developed world and like I said, India for us doesn't reside only in the cities and doesn't reside only in mega cities like Mumbai, where we are having this conversation, India also resides in markets outside of the of the cities and that is the driver, semi-urban, semi-rural and rural India have emerged as the prime growth drivers. If you look at the growth between 2016 and 2018, it's incredible that while in mega cities like Mumbai, Delhi etc, we have grown by about 5% clearly indicating some level of saturation, the rural market has continued to grow to such a level where today if you look at it, rural has actually overtaken urban television households. So, we believe that we did the right move by getting into those markets, and that is the markets where growth is still untapped, because there is very clear an evolution process where as a customer, they first opt for say DD free dish, which is the free service, this customer is an aspirational market who then moves to standard definition cable, runs with a smaller package, then runs with an expanded pack, then goes on into high definition.

There is a transitional change in evolution that we keep on seeing and that has led to an overall increase in pay TV subscriptions. If you look at it pay TV subscriptions are still continuing to rise. Hybrid television makes its entry this year in terms of offering digital plus cable, and we're looking at digital markets or rather pay television revenues continuing to grow, this is also reflected in the fact when you look at the number of players. The number of players in 2018 were only 1471 MSOs, that has increased in 2019, DTH lost one platform as you're all aware, and the best part is, we as NXTDIGITAL remain the only Headend in the Sky platform in the country today. So while television is here to stay, the one big thing and I'll spend very little time

on this because I'm sure each one of you has done a very detailed analysis is on the new tariff order, is that all MSOs and we are part of that fraternity, we all witnessed a sharp increase in the customer ARPU due to the NTO implementation. Prior to NTO, MSOs would probably earn a 10% to 20% kind of stake of the entire value chain, which has gone up to 25% - 35% and there is an expansion in customer ARPUs. When you look at pre NTO, if you look at the number of channels and the subscription fees, and you look at post NTO there has been an increase and as a platform there is clearly a greater share of ARPUs due to an increase in ARPUs. So, important factor is that the business is continuing to grow. Will the revenues drop as NTO 2 comes in, etc. No, the reason being is because subscriber billing is established over a year and given the vast choice of content. Subscribers are very keen to continue with the packages that they have. In fact, they want more, so you're able to give them more for the same price and it will help the sector. There are views on OTT Digital stealing a march over conventional television. The fact is conventional television i.e linear television, delivered digitally or otherwise has increased during lockdown. A lot of this whole rides on the back of children's content, parents of kids want to keep them engaged. Again, very interesting thought, we did some primary research, parents are saying I trust my children to watch linear television because I know the content is safe for them. I know the content has been censored in whatever way, manner, shape or form and I'm happy for them to watch that rather than go on to other kinds of content and that's where you're seeing a significant growth. Not only that, but the important thing is viewership has continued to grow across markets, and whether it's primetime or Hindi speaking markets or the South, we're seeing interesting growth levels versus, pre COVID. So there's a pretty interesting thing there, but again the key takeaway for us as an industry is that we are benefiting from a surge in ARPUs, consumers want to pick up more content, we are churning out more value added services, like educational content, etc. And there is a whole bunch of renewal of defunct connections that we are seeing, so that are further subscription or subscriber additions you will continue to see as the industry moves forward.

Now I come to what our business is. I have just three pieces to this, which will give you a sense of where we're at. Today we are the only multi system operator in the country with a prepaid base of over 99.5% very, very significant because it shows the working capital requirements of the business are negative, we are running our operations on a very strong model, we are the only duopoly in Asia offering HITS as well as cable television, which therefore allows us to deliver the maximum number of TV channels and cover more than 50% of the districts of India. Thanks to our franchisee, some them who have been with us since 25 years, we have a very strong presence on the ground, we've invested very heavily in technology, we have a very sophisticated broadcasting center up in Noida and data centers in Mumbai. I will get some photographs posted on our website. That is something that really excites me looking at those visuals of one of the fanciest and most sophisticated technology platforms in the country. In FY19-20, well before the COVID pandemic had set in, we had embarked to help our LCO's convert and move into digital collections from their subscribers and of course that was accelerated when the pandemic set in. But the great thing is 80% of our LCOs today are

collecting renewals, etc. through digital means and our tracking, where we're doing our dipstick studies indicate roughly about 55% of our base are estimated to use digital payments at least once in the last three months. Also as a business we have a different mindset, we are not a digital cable company we are digital services platform and as a digital services platform, we look at treating this business completely in terms of key metrics, where we focus on things like, on time renewal (OTR), same month renewal (SMR) and churn, etc. We also have focused in this last one year, on growing our managed services portfolio. As, I mentioned, we're the only ones who can offer managed services to other MSOs and LCOs pan India without exception. Our own peers, our own competitors can look to reduce their costs because today, thanks to NTO-1 and the transparency and parity that's come into play, our competitors and peers are very happy to ride on our platform in terms of managed services and the best part from our aspect is that we don't need to invest in anything. It's clear that our managed services leverage our entire existing infrastructure that we have in the business today, there are no further investments at all.

As a third pillar to our business. We are leveraging our base, we've got over 5 million subscribers in terms of CATV and HITS and we have only 300,000 broadband customers, the 300,000 is an incredible growth over just three years. And that is a great opportunity for us, we're looking at leveraging that existing base whether it is the HITS base or whether it's the CATV base, we're looking at leveraging that base, and converting a significant number of those customers into broadband, into multiple customers.

Again, high cross selling potential because 5.2 million customers of our own, 5.16 million customers that are going to use our managed services over the next year and the fact that we have only 300,000 broadband subs means there is that much of potential that we're looking to leverage. We also have a flagship brand, one ONE GigaFiber, which is the fiber to the home, and we've seen that also, growing pretty significantly.

So, all in all, if you look at it, it's a pretty well laid out model. Again, we wouldn't have come earlier to you all respected analyst in the field and I know how difficult the questions are to deal with, having been around for a long time. But we wanted to make sure that we had our ducks in a row. We wanted to make sure that our model was tried and tested. Five quarters later after seeing sustainable growth, not just sustainability, we believe it's the right time to come. So, we have six levers that we're looking at, six specific levers for scaling up our business at a fast pace.

The first is something that I've been banging on about is the managed services, we are talking about the over 1600 MSOs in India today, 100 million television homes or cable TV homes in the country today, 69 million of those cable TV homes are in the non-peer segment as an independent and regional MSOs. So suddenly, there's a huge addressable market for managed services. That is the first potential and I'll take you through a slide in a moment sharing the numbers. We are also looking at pushing our essential toolkit, this is something that we drove

in the last fiscal and we found it successful. We believe our local cable operators or last mile owners and are looking to grow their revenues and looking to grow their portfolios. This is a great opportunity for bundled offerings that we've launched, so there's either HITS or cable TV, bundling broadband, and of course, value added services.

Value added services are incredible because we've been able to create regional flavors as well as value added services. And in this whole lockdown, work from home that we've seen, there's been a lot of interest in our CCTV, we've never really pushed it. But we've been pushing it recently because we believe that there is great opportunity to bring in toolkit products and why do I use the term toolkit because these are essential products that each and every one of you, all of us who have parents at home, old parents at home, living in another city, we will need this going forward, we need to be able to monitor them, keep them safe and this becomes an important factor. We are focusing on our retention business, as I mentioned to you, we are looking at on time and same months renewals. There's always this argument about OTT and I'd like to share with you our sense of OTT.

OTT is a huge investment for anyone to get into. We believe that a strategic alliances strategic partnership to roll out OTT to our customers will form a ring fencing and retention strategy rather than a penetration strategy. So, this is something that we're working on very actively, and we will be connecting it with launching new packages as well to drive our retention.

I go to the fourth one, which is digital initiatives that I shared earlier, 55% of our base has consumed our services digitally as in renewed with their cable operators through digital mode at least once in the last three months. We expect to see that number grow significantly and is a bad term to use but that's the silver lining probably to the lockdown where more people are getting into contactless methods of renewal, et cetera. And this is something that is being driven there. We also are looking at upselling and this is again a question that a lot of journalists asked me that, how can you be so confident, that it's a very clear evolution. The only way you will push yield is through product upselling and product upselling is very simple, you relate it to our own lives. When, I completed my engineering, first of course I wanted a cycle. When I completed my engineering, I wanted a motorcycle. I still remember that my first car many years later was a Maruti 800. So, there was always that aspiration. The aspiration never ceased; the aspiration doesn't cease. It's the same thing. You have customers in rural, semi-urban, semi-rural India, which are on free to air content today, those customers will migrate to pay standard definition. From there they will migrate to high definition, from high definition they will migrate to bundle digital which is, probably a linear product and an OTT product. You will see that evolution happening. At the same time, there is still a significant base that has still not yet come on to the market. You'll see that migrating as well.

And last, something that we're very proud of is our technology play. Not too many of you know that we are the only platform globally to have rolled out what is called 32APSK technology in January this year, which increases our throughput on the satellite by as much as 35%. That

means 35% saving in cost or 35% increase in capacity depending on which way you see it. So that is something we are very proud of. So, these are the six steps that we are looking at towards scaling at a fast pace. And all of this dovetails into our future growth drivers. We have only three growth drivers that we are focused on, the first as I shared with you and I'll just take you through this, if you look at it today. We have a 5% market share our peers who are on national platforms account for the remaining of this 31%, 69% of 69 million CATV subscribers in India are operating under the small MSOs ranging in size from about, 25,000 to 50,000 and in some unique cases probably a million, 2 million tops.

A lot of these MSOs are either looking to reduce their operating expenses and stay relevant or they're looking to exit the business. So, NXTDIGITAL when you look at it, we're looking to expand our services, at first focus on the low hanging fruits, to use a clichéd term, which is the 69 million and then obviously offer our own peers, our services. What does this mean, this means by being able to offer our services to peers without hesitation as there is no longer cable wall thanks to transparency, we are poising ourselves. So, setting ourselves to emerge as a significant player basis, the unique technology that we've deployed, because that is a technology that allows us to become a managed services player at a significant level as well. So, this is something that is our first driver, future growth driver.

The second one is that we've always believed in being a digital boutique. For us value creation is very important. Today, thanks to our group companies across the Hinduja Group of course, we have as many as 15 million touch points. Our idea is how do we convert those touch points and how do we offer integrated solutions there. So our integrated solutions we're talking about is not just the cable TV and HITS and broadband, standard products, but we're also looking at rolling home surveillance, telemedicine, we are in the healthcare industry, learning, banking, all these products become very easy for us to kind of get into and again, focusing on the segment which is semi-urban, semi-rural and rural. And this again, I'll share with you, very interestingly, one idea that came up and which we have rolled out and our chairman mentioned it last year, is that we're developing our ecosystem, not just into providing digital products, but also making our 9000 LCOs and their 30,000 cable operators into channel partners. They can become marketing channels to products ranging from, FMCG products to financial. We actually did a test in the Northeast where there was a product that came in from overseas and said, listen, we want to touch the Northeast, you've got this X numbers of cable operators there, can you guys do something. We managed it for them and the beauty is that it worked out brilliantly for them and from an NXTDIGITAL perspective, we still continue to earn a transaction fee every time one of the products, gets a sale.

Last, but not the least we have been the pioneers in the satellite media services in the B2B2C model and our idea is that we would like to look to leverage that optimized satellite services, of course, we need to look at regulatory aspects, etc. But there is a great potential. First of all, we exploited and optimize the potential where cable operators didn't have access to cable television, television subscribers didn't have access in northeast, etc. By putting in HITS, we're

now giving them access. We're looking at replicating that model for broadband as well being able to deliver broadband over satellite, leveraging our network and providing therefore, reliable broadband to such areas. There is of course, a structuring that is into place, and that is a long term horizon, but tests have been done and we have done some POCs ourselves, and we're quite happy with that and the best part is, again, when OTT has to go into these markets the biggest cost and biggest challenge OTT faces is the high cost of content delivery networks. Imagine delivering that content delivery, cashing services to the edge of networks that would bring down the cost which would allow a strategic OTT partner to reach Tier III and Tier IV markets cost effectively. Not only that, even an OTT platform itself could ride on our satellite services to deliver a low cost OTT to those markets and when I talk about those markets, you're talking about 109 million television households outside of the cities, which translates on an average of 5 to about 500 million people that comprise those markets as of today's date, we're also looking at how do we leverage our satellite footprint because we cover all of the SAARC.

Looking at how do we do it and of course subject to regulations, we would look to taking our services to other countries as well, whether it's Africa, pretty much all the other markets that you look at, as well as the SAARC. That is basically what has led us to a very strong operating metrics, and I thought we'd share our operating metrics with you. If you look at our subscriber base, our subscriber base and for your convenience we've split it between HITS which is the blue line and cable television which is our digital cable. In the last year we've grown our base by about 28% and we are talking about the year of NTO, don't forget that.

Overall, we've been able to grow our base from 3.7 million in FY 18-19 to 5.2 million in 19-20. So that itself is a significant base that we have built up. Not only that, our ARPUs and this is again, I want to share with you and the reason why I've split it is again to share with you that markets, this is DAS I, if you look at DAS III and IV, the fastest growing markets in the country, vis-à-vis ARPUs are in DAS III and IV that is the reason we are focusing so much on the semi-urban, semi-rural and rural markets. Just look at the growth, from Rs.52 ARPU in 2018 we are now at 101, it's a 40%, two year CAGR, which is incredible and the same thing in DAS III markets where we have grown by 48%. So these markets clearly the DAS I and DAS II markets if you see or the metros are reaching saturation, whereas the markets that we've been focusing on and where we will continue to grow are showing a tremendous amount of growth.

Same thing applies to broadband services. I mentioned to you , we've seen a 91% CAGR growth in the last two years, three years, we've been growing from 100,000 subscribers that we were to about 300,000 over 300,000 actually as we speak and an exit ARPU in March 2020 of 350, which by any yardstick is an excellent ARPU when you consider the kind of proliferation of broadband that has happened across the country today.

Key subscriber metrics again, a lot of people ask me why we start putting up these key subscriber metrics. I thought it's very important to do it and I'll share the next one with you in the next slide. We've been able to, for every day that a customer doesn't renew, there is a

notional loss to us. We have started encouraging our operators to work with our customers, incentivizing our operators to keep on pushing the same month renewal and the on time renewal. On time renewal is basically a customer renewing, before subscription expires, that is incredible. Today, we're saying three out of every four subscribers renews before the end of his or her subscription, while 92% renew in that same month, so there is no carry forward, there is no loss in that same calendar month.

All these metrics that we focused on over the last six to seven quarters have set the tone for a turnaround that we were looking at and if you look at it, this is what we've been able to achieve and we are very proud of it. I thought it's important to share our operating revenue because that is the benchmark of how we perform. We've been able to grow our operating revenue by about 47% just under 50% over the last fiscal from Rs. 704 crores to Rs. 1038 crores. Not only that, but we've also been able to grow our EBITDA so if you look at it from a negative Rs. 164 crores, we've been able to take it to a positive Rs. 218 crores at a very healthy margin of 21%. The margin is an operating margin that reflects the business metrics across all parameters. Not only that, if you look at our PAT as well, we've continued to reflect the same performance in our PAT, whether we've grown our PAT to Rs. 110 crores in this last fiscal or by 9.5%.

So overall, if you look at the metrics as a company, these metrics are not just as they say, the flash in the pan. These are metrics that have been tried and tested for their robustness and for their sustainability over the long term. There is another metric that I think is very important which reflects our business strength. We, as I mentioned to you are the only MSO that is about 99.5% prepaid, and this is incredible in terms of subscriber debtor dates, which shows the efficiency of the business model. From 48.4 average subscriber debtor days, today we're down to less than a day, that itself is an incredible reflection and less than 0.1% subscription debtors as a percentage of subscription revenue. So even our debtors, barely less than a percentage point that we have today of revenues. So, this is all a sustainable metric that was done through very, very specific work, of course, we had the stimulus in NTO 1, but there was a lot of other factors that helped us drive the business.

So, I know we've been talking a lot, and I apologize. But I am going to end my presentation with this last slide, just to give you a quick summary of where we're at today. So, the six points again for the business. First is we have a 360-degree presence across distribution platforms, by digital cable, HITS, wire line broadband, and we have our own 5.2 million subscribers. 60% of our presence is in the fastest growing demographics of semi-urban and rural India. We have defined our inherent growth strategies; I'm talking about outside of the managed services. We are very clear how we are growing our revenues through bundle products and cross selling and how we are growing our ARPU as I just mentioned to you earlier by leveraging the life cycle, or the aspirational lifecycle from free to air to an HD lifecycle of a customer.

We will continue to push our managed services business. While we're contracted for by 5.16 million customers where onboarding is in progress, there is the low hanging fruit of 69 billion

TV households, where we are looking at least 10 to 20% of being able to get them onto a platform, which helps them in a way. So, there's a clear USP and there's a clear need for them to look at this, we will look to leverage our pan India network and grow our end-to-end ecosystem by developing our franchisees into marketing channels. We've got 30,000 feet on the street that we look to take forward. As, I mentioned to you in closing is that our footprint, satellite footprint covers pretty much all the new markets. So, we are looking at, can we leverage this in emerging markets, Africa, Bangladesh and other parts of Asia of course subject to regulations. We are looking at them, there are talks already going on and we certainly hope that we'll be able to with this fantastic team that we have, we will be able to leverage and close it.

And last but not the least, there is the emerging technology opportunity that we are studying and working on proof of concept. It has worked well in the West, it is used very effectively in Latin American countries where the ARPU's are low and yet, there are significant volumes. And we don't believe that there is any reason why it should not also be leveraged to a great extent in India, of course, with all the metrics. So, I'm going to end on this slide, there are some annexures that I am assuming we can take those later. Thank you very much, ladies and gentlemen for listening very patiently to me in this first ever presentation to you. I genuinely appreciate your patience in hearing me out. Mani can I hand over to you.

Moderator: Yes, sir. Thank you very much, sir. We now begin the question and answer session. The first question that we have is from Tejpal Jain, he is from Suashish Diamond. How do the margins look around the OTT business? Who are our listed competitors in this space?

Vynsley Fernandes: Around the OTT business?

Moderator: Yes.

Vynsley Fernandes: Okay. So, thank you very much for your question. As of now, we do not have an OTT platform. Our content delivery is primarily through cable television and HITS any OTT that we do sir, will be through a strategic alliance and will be on a cost-plus basis. What, I'm getting at is that there is an OTT platform that wants to reach our customers and be carried on our platform. We're happy to do it through obviously a cost-plus model, but as an OTT platform sir we don't have our own OTT platform. I hope that answers the question sir.

Moderator: Thank you sir. The second question is from Narayan from NS Advisors. He has four questions. Is it possible to share the pro-forma P&L and equity structure post the restructuring, what is the current state of this restructuring, when is it expected to be completed, any dilution expected for existing stakeholders. The second part, what kind of growth are we envisaging over the next three to five years, what kind of growth capital we would need considering that you mentioned there is minimal CAPEX needs.

Vynsley Fernandes: Amar, may I request you to take the questions from the structuring perspective.

Amar Chintopanth: Sure. So as far as the restructuring goes, we have already filed it with NCLT. The final hearing is this week, and we hope that in the next week or 10 days, the structure should be done, that's point number one. Point number two, the pro forma P&L and balance sheet actually doesn't make sense because in the next 10 days, we will come out with our final numbers, there's actually no point in giving any pro forma numbers, but on a consolidated basis, it will not change too much compared to what we were in the past because we have been consolidating the entire business. Number three, on dilution to existing shareholders, there could be some dilution in the promoter shareholding but as far as public goes, there is no dilution in the public shareholding. So, these were the three questions as far as reorganization goes.

Vynsley Fernandes: In terms of our growth structures, I laid out for you the fact remains that the cost of operations is continuing to rise significantly across the country. We've faced it in our own cable television business, which is one of our vertical and that is the reason why we believe the leveraging power of HITS to be able to provide managed services and to be able to take those customers on board and provide a cost efficient model will help tremendously. From an investment perspective I think there will be investments, but our investments today are mainly revenue driven investments, revenue driven CAPEX. Our infrastructure that we have developed and let me assure you we've sunk a significant amount of money into the platforms that we've developed, if you see our headend and our broadcasting station in Noida, one would get a clear sense. We have already invested whatever is required to be a successful digital platforms company and to expand our base significantly. The CAPEX that would be required going forward is pretty much the set of box CAPEX, which is more a revenue CAPEX rather than investment CAPEX that's required going forward. In the case of the satellite side of the business, and we're talking about broadband over satellite, those are early days for us to really look at because the jury is still out globally in terms of what is the appropriate technology, how to fix it, what's the red wire, blue wire concept, but from a perspective of where we are today with our growth structure for the next three years and our managed services model, we're already very well placed in terms of the technology that we need. I hope I was able to answer your question. By the way, I'm available anytime. Should anyone have any questions, please feel free post this interaction to share them because sometimes I may not be the brightest bulb in the chandelier. I may not understand the question and for that, I apologize, but I'm available anytime if you want to raise any questions.

Moderator: Sir, there are couple of additional questions for the OTT subsidiary, what kind of growth plans does it have? How much will be the contribution from this subsidiary to the consolidated profits post restructuring?

Vynsley Fernandes: Okay, so it's not an OTT platform, it is One OTT, is our broadband it's actually OIL, which is ONEOTT ENTERTAINMENT Limited, which is our broadband business. We have a very significant growth structure plan for it. If you look at it, we have 5.2 million of our own subscribers and

the actual overlap between a broadband business and our CATV HITS business is fairly about 30,000 to 35,000. The rest of customers that our OIL team has brought from outside of the base. OIL team's focus will be on not just outside of the base, but also converting anywhere between 10% to 15% of our own base into broadband moving up to maybe about 25% of our base over the next three years.

Moderator: Thank you sir. The next question that we have is from Sunny from MK Ventures. There are two set of questions. One is from the cable and the other one is from the broadband. On the cable side, this is his question, I understand the continuing operations are now only the media business, what has led to a sudden drop in revenue and EBITDA in Q4 FY20 versus Q3 FY20?

Vynsley Fernandes: Amar, would you like to take that?

Amar Chintopanth: So basically, Q4 and Q3 there is a certain revenue recognition principle that we had followed in Q3. I'll just take two minutes of your time. In Q3, we had done a re-estimate of the set of box installation income, so normally what we do is, the set up box installation income, we accrue over a four year period, but then that also depends on the churn period of the customer. We had re-estimated the churn period to three years, and therefore under advice of the auditors in Q3 we had therefore changed the churn leading to a certain onetime income coming in and that Q3. So, if you actually look at on a like-to-like basis there is no change but, only because of this one time income statement adjustment in Q3, it shows a drops in Q4.

Vynsley Fernandes: And I think Amar also, it's very important to add, Amar and I could be slightly off center, but the fact is that this was the first year of NTO. Very important year where there was a lot of, as I say, settling in that happened.

Amar Chintopanth: That's right, certain other things like all the broadcaster arrangements and all that we sort of settle them in the Q4.

Vynsley Fernandes: Sunny, I hope we were able to answer that.

Moderator: Thank you sir. There is another related one in the same cable space, is our entire subscriber base in Phase-3 and Phase-6 digitized now. By when can we expect both going forward?

Vynsley Fernandes: I'm going to mention that I'm going to go back to actual metrics. The fact is that our customers obviously are digitized so that's one thing, but customers in Phase-3 and Phase-4 are still not digitized for example Tamil Nadu and Northeast. Those percentages may be very small but the point Sunny that I'm making is that the base that is available is the transitional base, base that is moving from DD Free Dish, Pay SD to Pay HD and then moving on to a VOD service. That is a base that is continuing to grow and that base alone when you look at the transitional bases anywhere between 40 to 60 million over the next three to five years. So, when you look at that, on one side and you look at 69 million cable television homes that are available in the country

today, and you look at our managed services model and you look at our direct model, we're saying that we'd like to have a sizable chunk of that market, whether direct or indirect. In terms of managed services which is one of the growth drivers, we're looking at, how we get 20% of that 69 million homes as against what we already have today. So that will make us a significant player with a significant base in terms of 25 to 30%. Those are the numbers that we would look at, we've not targeted a specific number, and we are looking at value creation as we go along. We're seeing that, for example you see these 5.16 million it's not that we went and signed up 5.16 million customers. We had five MSOs who approached us and said, listen we want you to provide managed services, our entire cumulative basis is 5.16 million. Now, I couldn't have predicted that would be their base. So, we're working on obviously a number, but we're looking at how we drive services more than anything.

Now, the second question. I can see the questions now on screen. What are the key drivers of ARPU growth going forward, am I right Mani?

Moderator:

Correct, ARPU growth going forward and what can be reasonable estimate over the next three to five years?

Vynsley Fernandes:

You will continue to see ARPU growth. Again, our blended ARPUs I shared with you. We've seen a 40% to 48% two-year CAGR happening and we see that trend continuing. Considering 60% of our presence in DAS III & IV markets, that CAGR will continue, while as DAS I & II, which comprises may be 40% of our base, we'll see a softening or a flattening out and maybe 25% to 30% of ARPU, where it is at Rs.192 or Rs.200 today, and I'm not talking blended I'm talking only video ARPUs, could probably flatten out to the 200 to 220 mark but DAS III & IV markets which are today at Rs.100 or Rs.110, there is the elasticity to go to about Rs.200, Rs.220, you can see that elasticity over the next couple of years and we track it like I said, literally month-on-month. I am sure that is a metric that we would be happy to share every quarter.

Other question is what is the current HD penetration? Sunny, we have a very small HD penetration today. We barely have about 4 to 6% of our base. Let me correct myself we've got about 8% to 9% that have acquired HD set top box but about 3% to 4% have only converted and are taking an HD subscription, So that is a great opportunity that we believe that will be there. So that is in terms of answering that. So, Mani shall we move on, because we had four questions with Sunny. Maybe you want to not keep Ankush and the others waiting?

Moderator:

Yes. So, the next question is from Ankush, from Phillip Capital. With digital platforms on the rise in India, what is your strategy for making inroads into Tier II and Tier III cities?

Vynsley Fernandes:

So, digital platforms are on the rise irrespective of the market, whether you're looking at DAS I, DAS II, DAS III, DAS IV. Tier II and Tier III cities still have a lot of as I just mentioned, to you an aspirational state. While they have digital, the cost of connectivity, the reliability of connectivity is still a problem. I'll give you an example. Okay, so let me give you a typical example. Why are

we looking even at Tier II cities, let me take an example of a Tier I city, my own relatives who live in Bangalore. So, my relatives live in Bangalore. They've got a home there; he basically works there in an MNC. So, he speaks English absolutely perfect. He's got his wife's parents who are there. His wife's parents are basically from Tamil Nadu. So, he needed Tamil channels. He's got a maid that is there at home who speaks local language, so obviously Kanada content, he wants that too. So, he requires four or five languages. Now when he looks at digital, he has to invest in multiple digital platforms to suit the needs to deliver one single solution to his home. Whereas when you look at a cable television or a HITS subscription or an IPTV subscription, it's a one size fits all right for Rs.400, you can get the whole shebang of all the languages you want as against paying Rs.1000 and getting the six languages that you want. So, Tier II and Tier III markets will continue to see duopoly, you will see them definitely adopting to digital but you will not see them chucking away cable or HITS or DTH, you won't see that, you'll see the metros somehow reducing their packages in terms of cable TV or HITS or DTH and going in for two or three OTT subscriptions. But in Tier II, you'll see retention plus the adoption of one probably OTT platform. So that is the way we will continue, pretty much to be in that space. So, I hope that answered the question.

Moderator:

Thank you sir. The next question is from Subrata Sarkar from Mount Infra Finance. How are your ARPUs compared to domestic players such as Zee5 and global players like Amazon Prime and Netflix? How do you plan to grow the same?

Vynsley Fernandes:

Subrata. Thank you very much for that question Subrata, we do not have an OTT platform and we have not even thought about launching an OTT platform. Our OTT business is a strategic partnership where we work on a cost-plus basis. So, the platforms that you mentioned, whether Amazon, Netflix, or even Zee5, they would look to us as a service provider or as a platform. They would ride on our CATV on our HITS on our broadband, and probably pay as a kind of revenue sharing model. So, we don't really have a factor of launching an OTT platform which can be compared with others.

Moderator:

Thank you sir. The next question is from Prudent Securities. For customers how cost effective is HITS compared to cable and DTH?

Vynsley Fernandes:

Alright. So, for the customer, there is no change in pricing. There's absolutely no change in pricing. It's the same cost as cable or DTH. The cost is in the delivery mechanism which the LCO is bearing and the fact that DTH traditionally has been slightly on the higher side as compared to cable television. But the beauty about HITS is that it's delivering the entire package of cable at the quality of DTH. So, HITS when I always describe it to someone as a great integrator between cable TV and DTH, it delivers the quality of DTH at the price and at the bouquet of cable. That is how I would look at it.

Moderator: The next question is from Virendra Varma from Ivy Cap Advisory. By when the restructuring will be over, have all regulatory approvals been done and how do you see the competition from new players like Jio?

Vynsley Fernandes: Amar do you want to step in on by when will the restructuring be over?

Amar Chintopanth: The restructuring will probably take us about a week or 10 days. Like I said the final hearing is at the NCLT and depending on the NCLT taking up the case, it will probably take us about a week or 10 days. All other regulatory approvals are done, stock exchanges, shareholders and all other regulatory approvals are done.

Vynsley Fernandes: Thank you very much for your question Virendra. Two years ago, just under two years ago when Jio announced its acquisition of Hathway and DEN Networks, I actually was interviewed and I said, the best thing to happen to this industry is actually Jio's investment in this business because people have suddenly looked at it very differently otherwise it was considered typically the cable wala business and NTO 1 changed the industry metrics made it a level playing field. The best part today is that there are no cable wars. There is no challenge that you see, the beauty is that today a peer like Hathway or DEN from Jio, if they want to expand their services and get into markets that traditionally they are not in and if they want to reduce their cost of operation, will have no problems riding on a platform like NXTDIGITAL. We believe that the platform that we're setting out to be and the platform that we've set ourselves up for, is an all-encompassing peer-to-peer platform that goes well beyond your own customer base, and you're able to have other customers who could be your direct competitors riding on it. Again OTT, I mentioned to you delivering OTT in the future to small town India, low cost OTT, how do you kind of deal with the content delivery networks, that again is a challenge, where probably satellite plays a better and bigger role. So that's another thing we're looking at. So that kind of addresses that factor. Thank you Virendra for that. I'm sorry if I forget your names and I will make a point to get everyone's name and share with you all information periodically as is allowed.

Moderator: Thank you sir. So, the next question is from Manoj Bagadia. What are your aspirations for broadband business?

Vynsley Fernandes: I can see his question, So, Manoj thank you very much for your question. Our broadband business is under the able leadership of Yugal Kishore Sharma, who has a tremendous amount of experience and the whole team is incredible. They've got their roadmap chalked out very carefully. As, I mentioned, the first aspiration is to become a significant player. Significance comes not from just size but also from value creation and value creation comes not from just Tier I and II, where there is tremendous amount of competition, but also Tier III and IV. So, we are looking at our broadband penetration. Before I take your second question Manoj I'm going to request Yugal to just talk for a moment, about the fact that while we are strong in our penetration of our CATV business and broadband getting there, it's not like we're forgetting

even Tier III and IV markets. There is a play that is already engaged and already initiated. I thought it's best if you hear it from Yugal. Yugal do you mind just sharing a few insights about how we are also connecting our Tier III and IV markets right now?

Yugal Kishore Sharma:

Thanks, Vynsley. Good evening everybody, I too wish you all festivities and good wishes and a Happy Rakshabandhan. So, at broadband as Vynsley just stated. Our strategy is pretty simple here, C comes before B, and so we go behind the C which is the cable and wherever we have cable customers, we intend to enable them with broadband and come up with offerings, city by city. It is a two-prong strategy, very simple, 15 cities, we have huge assets of our own underground fiber, which were laid down in last two decades. So, we are leveraging that and sorting that as much as possible and monetizing it. So, these are your close to 15 cities and we have a very ambitious plan where we have our cable TVs spread across almost every district headquarter of the country. We have the Phase-3 and phase 4 markets. As Vynsley, said couple of times we already have an army of people there. We have our thousands and thousands of partners all connected, getting delivered high quality cable TV service. That's the digital TV service that they get from HITS all we are going to do is enable them and reach there by connecting through various large telecom players, because all the telecom players also would want to have a reach. So, the reach of the Hinduja Media Group today with the NXT HITS is our second strategy for expansion. And that's what we are working on right now. So that's the overall two-prong strategy.

Vynsley Fernandes:

Thanks, Yugal. Second part of that question, if I recall, Manoj was the net realization from offering managed services to customers, as I mentioned and this is a bit of a tricky one, but the fact is that, satellite is already up in the sky. Right now, we have already designed the technology to provide managed services to a multitude of platforms, including different technology combination, every single rupee and I use the term carefully every single rupee that we earn from a managed service customer goes straight to our bottom line. There are no additional investments that we need to make. For every customer that we bring on board. Pretty much 100% goes all the way to the bottom line because the technology, the facility, the capability, the infrastructure is already laid out to provide managed services across the country. I hope that answers your question.

Moderator:

The next question is from Ankur Periwal from Axis Capital. Is there any limitation to our growth under HITS platform? What is the limitation for transponder capacity based on number of subscribers or number of channels offered to such subscribers? The second part of the question is, how has carriage fee changed post NTO implementation? Do we share carriage fee with LCOs as well? Are there concrete arrangements in place with LCOs on cable ARPU sharing?

Vynsley Fernandes:

Thank you very much Ankur. First to answer your question and I probably just alluded to in my response to Manoj's query. There is no limitation to grow under the HITS platform. Subscriber base is not a limitation. The more the subscribers no problem, transponders again, the best part is there is no limitation on the transponder capacity. We have the transponders available.

We can deliver anywhere in any corner of India, and it doesn't matter the number of subscribers. It's like DTH, but the challenge for DTH is, if DTH wants to increase the number of channels on its satellite, then it has to get capacity literally on the same satellite or somewhere close to it, but HITS no constraint. Even if we move all the services onto another satellite, we can double our services to the customers, so all the 1500 cable operators will put in another dish whereas DTH will have to go and change dish for each and every subscriber basically millions of dishes. So, we have absolutely no constraints or no limitation on transponder capacity or on the number of subscribers or the number of channels that we can deliver.

To answer your second question on carriage fee change post NTO implementation, the NTO has brought about tremendous amount of transparency, a level playing field and very clearly defined metrics. Today metrics are defined in the case of penetration, right, Hindi speaking channels, will look at your penetration in HSM markets. Southern based channels will look at it probably on a state wise basis. Karnataka stand alone, Andhra Pradesh and Telangana are one pocket probably Kerala and Tamil Nadu is another one. It has kind of become a very strong scientific methodology and we're very glad that NTO has driven it because today business term in the industry is a very, very recognized digitally oriented KPI metric driven business so it's very, very clear.

To answer your question about concrete models in place with LCOs. Absolutely, right from the time we initiated NTO-1, we had a very clear revenue sharing model. In fact, I must share with you when NTO launched, we were the first to actually create an incredible model, where while we did a revenue share in the cities, we created a managed services fee for all our customers in Tier II, III and IV cities in HITS. Allowing the platforms to grow and at the same time, ring fencing our revenues. That really helped us tremendously in our business.

Moderator: How do we plan to compete with the largest player? Can we become a consolidator for the remaining unorganized market?

Vynsley Fernandes: So, whoever this gentleman is, and it says anonymous okay, probably read my notes. We absolutely have every intention of becoming a consolidator for all the other platforms, we've had so many platforms, smaller ones come to us and say listen, can we ride on you as managed services? That is a managed service aggregator model, which we are looking to do, and which we are looking to push. Yes, there is a low hanging fruit, which is 69 million homes, which are there television households. And yes, you're absolutely right again to that question, there is the National pan India MSOs, which also include some platforms, which are independent, who may want to align with us and are we averse to that, not at all. It's a great open market, and we have to define how we develop it as we go along.

Moderator: Okay. There's a follow up question from Virendra Varma from Ivy Cap Advisory. There is a difference in reporting on profits as per financial results on BSE reference items seventh which

says net profit of Rs.110 crore and item number 11, Rs.133.7 crore loss. Could you please explain the details on the same?

Amar Chintopanth: I do not have the numbers right in front of me, it is probably because of the discontinued operations. I can get back to you.

Vynsley Fernandes: Virendra we'll make sure that, this is posted....

Amar Chintopanth: Yes, it's probably because of the discontinued operations.

Moderator: The next question is from Manoj Alimchandani from AFRS. What is your M&A strategy? How do you maintain market share with an aggressive growth strategy of Jio? Network 18. What international business are you targeting?

Vynsley Fernandes: Manoj, thank you very much for your question. From a perspective I hope I was able to spell out earlier that, our merger and acquisition is actually a more managed service and acquisition. There are a whole bunch of that 69 million television customers of 1660 MSOs, which also could include peers who want to take managed services from us and not necessarily align their business with us, either strategically, or regulatory wise or legally. There are a whole bunch of smaller platforms though, that could range from 50,000 customers to over a million who are also looking to be acquired in some way manner shape or form. We don't have a fixed plan on what percentage we will acquire and what percentage we will provide only managed services to, we'll look at each case as it comes to us and where it's a managed service model where a customer with a sizable base wants managed service we will provide that and where someone's looking at us acquiring them, we have developed an innovative model which my colleagues Amar can share at a later point in time. It is a great de-risking model even for acquisition, where there's skin in the game for both sides. How are we going to look at it, is there any kind of skew that we have today? No, we've not really discussed that, and I apologize. We don't have a strategy on a split or something we're very clear with what is it we want to do.

Moderator: The next question is from Alpha Zen, what is the purpose of going for restructuring, is there any synergy or cost benefit expected? How's the minority shareholding going to benefit?

Amar Chintopanth: There are two reasons why we wanted to do restructuring. One, of course is bringing the, ONEOTT ENTERTAINMENT Limited under our own operating plan. We are looking at almost 3% to 4% savings in operating cost because we've teams which have been operating independently and two separate markets which are being addressed. We estimate about 300 to 350 basis points of saving in our cost of operations by the restructuring exercise, point number one. Point number two, growth in future requires a certain amount of capital. So, it could probably become easier for a listed entity to get capital, like Mr. Vynsley mentioned consolidation should happen in the future and therefore, that's the reason why we're looking at the capital. These were the two objectives.

Vynsley Fernandes: There's a focused approach, management orientation becomes much focused. There's a very clear synergy because it's all a business that's kind of unique, it unlocks shareholder value of course in the long term as well. There is a very clear reason and the timing was important because the businesses kind of attained maturity and if it hadn't we would have looked at it differently, but with the whole backdrop of attaining maturity, we believe it was the right time to do it.

Moderator: We have a few more follow up questions from Narayan from NS Advisors. Will the Treasury investments in the Hinduja Group companies remain even post restructuring? Any plans to liquidate these and make good use of the cash?

Amar Chintopanth: Vynsley I'll take this?

Vynsley Fernandes: Please.

Amar Chintopanth: Yes. The Treasury investments are almost entirely been disposed of in March and the entire debt which was there against those treasury assets has actually been liquidated. That is also a part of a plan for restructuring wherein we focus purely on media business. So, if you look at the March financials, the entire Treasury segment sort of has been executed by the company. The assets have been liquidated and the debts also has been liquidated.

Moderator: Okay. Some more follow up questions. What is the steady state of EBITDA that we think we can achieve over next three to five years? Is the growth in ARPU mainly from NTO or also a function of bundling? Is that a split on the ARPU growth from these two parameters? Any plans to rope in strategic partners what kind of profile are we looking at?

Vynsley Fernandes: So, Amar I'll start, from a perspective of steady state EBITDA, the performance that we've delivered in FY20 is the kind of model that we continue to emulate going forward as well. We believe there will be significant performance as the base grows and the revenues increase. Growth of course in ARPUs is not just due to NTO, the question is absolutely bang on target, the growth is not just from NTO it is also a function of bundling, and it is a function of packaging. We've got customers in the Northeast who want a different type of content structure. There are customers in Mumbai, we drive 100 kilometers out of Mumbai, to places like Jejuri, Nashik, Sinnar and all these places and their content requirements are completely different. ARPU is yes, a function of that bundling and unlike anyone else, the beauty about the HITS model is that we can be flexible to provide content bundling for a customer in Mumbai, which is different from a customer in Tamil Nadu, which is different from a customer in Andhra and Telangana. So ARPU will be a function of that.

In terms of a split of ARPU growth from these two parameters, isn't difficult to say but if you read back ARPU by DAS and as I shared earlier on the slide, we have a very clear growth, ARPU is growing significantly across all four markets, which is DAS I, II, III, IV. But if you are looking at

a market-by-market split, we can definitely arrange it for you, but it would take us a while to get it. In terms of any plans to rope in strategic partners, again there is an opportunity today, we have seen a lot of interest and that interest is coming from the fact that we are well structured in terms of our business. We are a very lean, mean fighting machine. I like to use this with all my teams, we'd rather be a speedboat than be an ocean liner so we can, do a dead stop in the water and turn around. The focus is yes, the time is probably opportune, and we will continue on the path that we've taken and I'm sure down the line we'd see that kind of relationship getting stronger. I hope that answers that question.

Amar Chintopanth: I just looked at the numbers, the previous question which came as why the difference in the numbers. So Rs. 110 crores is the profit from continuing operations and after we take the hit into account on the discontinued operations you see the Rs. 133 crores. So, that's the explanation.

Vynsley Fernandes: I hope that answers your question sir.

Moderator: Thank you sir. The next question is from Manoj, it's a follow up question from Manoj Alimchandani from AFRS. Would you be having an asset like capital allocation strategy? What ROCE would you plan for this business model?

Amar Chintopanth: ROCE is too early for us to define now. NTO has just settled out, your question, is it going to be an asset like business model. Yes, it is going to be an asset like business model mainly because our CAPEX is all going to be variable CAPEX which is related to revenue. With respect to ROCE, it is too early to come back with a ROCE target as of now, as we evolve and as the business grows and stabilizes better, we'll be able to come up with those standards. I hope that answers your question.

Moderator: There's another question is from Manoj Bagadia, considering significant growth opportunity, what are our CAPEX plans for the next few years and funding plans?

Vynsley Fernandes: So, Manoj, I think Amar answered that question, and I mentioned earlier that our business is pretty robust in terms of being able to provide, expand our services and our base significantly without having to invest in the business. We will look at some level of investment as I mentioned, but it is more of a roadmap investment rather than upfront. Today, our business is deeply invested. We have invested in technology to build our HITS platform, we have some of the best global partners that anyone can think of including the satellite, transponder, and the technology on the ground. I think we are well structured today and we don't see any immediate short to medium term investments for the business.

Moderator: The next set of questions have come in anonymously, do you see acquisition or merger with Siti network, which is the only independent organized player left and which can give us strong presence in the market?

Vynsley Fernandes: See, like I said, I don't think that there is any aversion to any kind of strategic relationship with anyone in the market. The beauty is again, like I keep on repeating there are no cable wars any longer, every peer, every competitor is a potential partner and we're happy to look at an association in whatever way, manner, shape or form across the spectrum of partnership.

Moderator: This is the last question that I have, how many customers we have in FTTH, or high-speed broadband?

Vynsley Fernandes: Yugal would you like to take this question, I know it's an increasing base every day but in high speed broadband we definitely have over 300,000 customers and for FTTH as Yugal just mentioned, 70,000 RFIs but there's already a base that's been connected.

Yugal Kishore Sharma: Absolutely right Vynsley, the complete base is the high-speed network in terms of 100 Mbps capability. But, in Mumbai and couple of cities we have gone deeper by doing some fiber to home rollout and we have been doing it as a ring fencing strategy right across our cable TV direct points which is close to around 75,000- 80,000 home pass that we have. We have good penetration about 30% -35% which is about 30,000 customers.

Vynsley Fernandes: So, that is what Yugal is looking at in terms of growing the business effectively there.

Moderator: Thank you.

Yugal Kishore Sharma: Thank you.

Moderator: That was the last question. I would like to call Mr. Vynsley Fernandes for closing remarks and conclude this investor meet. Over to you sir.

Vynsley Fernandes: Ladies and gentlemen, first of all thank you for bearing so patiently with me through this session, it was my first interaction with all of you and I'm deeply obliged that you all gave me the opportunity to talk. I must share with you a confession that I had, if at any point in time, you'll saw me looking to the left slightly stressed is only because I have nine dogs and I was worried if any of them start barking, then there could be hell to play, I was just hoping that the call wasn't going to get disturbed. But thank you so much for all your time, a big thank you to Mani and the team at Adfactors and Axis for putting this all together, we genuinely appreciate the relationship that we have. I Thank each and every one of you on behalf of Amar, Yugal, Anand and the others, thank you so much for the support and we look forward to this, if there is anything that you require from us in terms of data, we'll be very happy to provide and I'd like to end with a fervent prayer and a wish for each one of you and your families to always remain safe and healthy. Thank you very much.

Yugal Kishore Sharma: Thank you.

Amar Chintopanth: Thank you all.