



Date: 05/11/2015

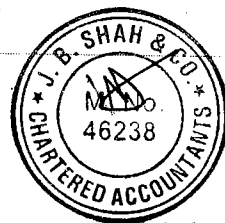
To,
Board of Directors,
Hathway Cable & Datacom Limited
'Rahejas', 4th Floor,
Corner of Main Avenue & V.P Road,
Santacruz (West),
Mumbai - 400 054

Sub: Proposed transfer of Hathway Cable & Datacom Limited's ISP Business to its wholly owned subsidiary Hathway Broadband Private Limited pursuant to the Scheme of Arrangement under the relevant provisions of the Companies Act, 1956 and Companies Act, 2013 as applicable

This is with reference to the discussions that we have with Mr. Vineet Garg, Deputy Chief Financial Officer in regards to the above subject from time to time and as requested we hereby submit our report on the valuation of consideration payable by Hathway Broadband Private Limited to Hathway Cable & Datacom Limited for transfer of ISP Business (as defined in the Scheme of Arrangement) as on opening business hours of 1st April, 2015. In view of the aforesaid exercise and considering the facts and available information in our opinion the agreed value of ISP Business of Hathway Cable & Datacom Limited as on the aforesaid date is **Rs.98.05 Cr.**

The valuation exercise and Report thereon is executed into the following sections:

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1. PURPOSE

- 1.1 We have been informed by the management of Hathway Cable & Datacom Limited (hereinafter referred to as the "the Transferor Company" or "HCDL") that its Board of Directors has given in-principle approval on 15th October, 2015 for demerger of its ISP Business into its wholly owned Subsidiary Company, HathwayBroadband Private Limited (hereinafter referred to as the "the Resulting Company"), with effect from the Appointed Date, pursuant to the relevant provisions of the Companies Act, 1956 and Companies Act, 2013 as applicable.
- 1.2 As per the proposed scheme, in consideration of the transfer of the ISP Business into the Resulting Company, the Resulting Company shall pay to the Transferor Company based on the value agreed between the Transferor Company and the Resulting Company of the ISP Business as on 31st March, 2015.
- 1.3 In this regards, we have been appointed by the management of the Transferor Company to review the agreed value calculation as on 31st March, 2015 of the ISP Business getting transferred.

2. SCOPE AND LIMITATIONS

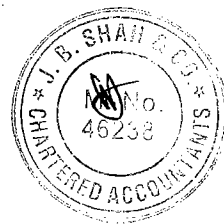
Our report is subject to the scope and limitations detailed hereinafter –

- 2.1 Valuation of the Transferor Company has been done as on the cut of date being opening business hours of 1st April, 2015.
- 2.2 This report is issued on the understanding that you have been drawn our attention to all the matters, which are concerning the financial position of ISP Business of the Transferor Company and any other matter that may have impact on our opinion as regards the fair valuation.
- 2.3 Our scope of work was not designed to verify the accuracy or reliability of the information provided to us and nothing in this report should be taken to imply that we have for the purpose of this assignment conduct procedures, audits or investigations in an attempt to verify or confirm any of the information supplied to us.
- 2.4 We do not hold any responsibility to update this report for events occurring after the date of this report.
- 2.5 The information contained herein and our report is confidential. It is intended only for the sole use and information of the management of the Transferor Company, and only in connection with the proposed transfer as aforesaid including for the purpose of obtaining requisite approval. It is to be noted that any reproduction, copying and otherwise quoting of this report or any part thereof, other than in connection with the proposed transfer as aforesaid, can be done only with our prior permission in writing.



3. BACKGROUND

- 3.1 The Transferor Company is a public limited company incorporated under the Companies Act, 1956 on 7 August 1959, having its registered office at 'Rahejas', 4th Floor, Corner of Main Avenue & V.P Road, Santacruz (West), Mumbai – 400 054. The Transferor Company is listed on the National Stock Exchange of India Limited and the BSE Limited.
- 3.2 The Transferor Company is a Multi System Operator engaged in the business of distribution of television channels through analog and digital cable distribution network under a Multi System Operator (MSO) license issued by the Ministry of Information and Broadcasting, Government of India on 30th July, 2012 and provides internet services under an Unified License issued by the Department of Telecommunications (DOT), Ministry of Communications & Information Technology, Government of India on 27th March, 2015 and was holding previously Internet Services license dated 03rd May, 2002 issued by DOT.
- 3.3 The Resulting Company is a private limited company incorporated under the Companies Act, 2013 on 21st August, 2014, having its registered office at 'Rahejas', 4th Floor, Corner of Main Avenue & V.P Road, Santacruz (West), Mumbai – 400 054. The Resulting Company is a wholly owned subsidiary of the Transferor Company, proposed to be engaged in the business of, inter alia, providing internet and other related services, software development services and products, and other value added services.
- 3.4 The Transferor Company proposes to demerge the ISP Business from the Transferor Company and transfer it to vest in the Resulting Company. This Scheme (defined below) is pursuant to a decision of the Transferor Company to, *inter alia*, enable a focused attention on the ISP Business and achieve structural and operational efficiency, enhanced competitiveness, and greater accountability.
- 3.5 This Scheme (defined below) provides for the demerger of the ISP Business from the Transferor Company to the Resulting Company and the consequent payment of **Rs. 98.05 Cr.** by the Resulting Company to the Transferor Company in consideration for the demerger of the ISP Business, pursuant to the relevant provisions of the Act (defined below) and in accordance with this Scheme.
- 3.6 This Scheme also makes provision for various other matters consequential or related thereto and otherwise integrally connected therewith.



4. FACTS OF THE COMPANY AND MANAGEMENT

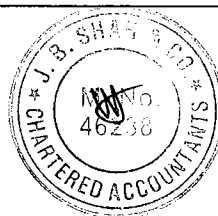
4.1 Company and Management as on 31st March, 2015

| Sr. No. | Name of the Company | Registered Office | Board of Directors |
|---------|-----------------------------------|---|---|
| 1. | Hathway Cable & Datacom Limited | 'Rahejas', 4th Floor, Corner of Main Avenue & V.P Road, Santacruz (West), Mumbai - 400054 | 1. Mr. Sridhar Gorthi 2. Mr. Rajan Raheja 3. Mr. AkshayRaheja 4. Mr. VirenRaheja 5. Mr. Jagdishkumar G. Pillai 6. Mr. VinayakAggarwal 7. Mr. Biswajit Subramanian 8. Mr. Sasha Mirchandani 9. Mr. BrahmaVasudevan 10. Mr. DevendraShrotri 11. Ms. Ameeta Parpia |
| 2. | Hathway Broadband Private Limited | 'Rahejas', 4th Floor, Corner of Main Avenue & V.P Road, Santacruz (West), Mumbai - 400054 | 1. Mr. G. Subramaniam 2. Mr. Vineet Garg |

4.2 Share Capital Structure of the Transferor Company

The share capital structure of the Transferor Company as per its financial statements for the financial year ended 31 March 2015, being the latest audited financial statements of the Transferor Company, is as follows:

| Particulars | Amount (in Rs.) |
|--|-----------------------|
| Authorized Capital | |
| 99,90,00,000 equity shares of Rs. 2/- each and 2,00,000 preference shares of Rs. 10/- each | 2,00,00,00,000 |
| Issued, Subscribed and Paid-up Capital | |
| 83,04,94,500 equity shares of Rs. 2/- each | 1,66,09,89,000 |



4.2.1 Shareholding Pattern of Transferor Company as on 31st March, 2015

| Sr. No. | Category | Percentage of Shareholding | |
|---------|---|----------------------------|---------------|
| A | Shareholding of Promoter and Promoter Group | | |
| | <u>Indian</u> | | |
| | - Individuals / Hindu Undivided Family | 29.02 | |
| | - Bodies Corporate | 14.46 | |
| | Sub Total (A) | 43.48 | |
| B | Public Shareholding: | | |
| | 1. <u>Institutional Investors:</u> | | |
| | - Mutual Funds and UTI | 6.40 | |
| | - Banks, Financial Institutions, Insurance Companies (Central / State Govt. Institutions / Non-Government Institutions) | 0.30 | |
| | - Foreign Companies | 6.46 | |
| | - Foreign Institutional Investors | 15.36 | |
| | - Foreign Portfolio Investors(Corporate) | 24.50 | |
| | 2. <u>Others:</u> | | |
| | - Bodies Corporate | 0.97 | |
| | - Individuals | 0.71 | |
| | - Clearing Members | 0.02 | |
| | - Non Resident Indians | 1.80 | |
| | - Directors and their Relatives and Friends | 0.00 | |
| | | Sub Total (B) | 56.52 |
| | | Total | 100.00 |

4.3 Share Capital Structure of Resulting Company

The share capital structure of the Resulting Company as per its financial statements for the financial year ended 31 March 2015, being the latest audited financial statements of the Resulting Company, is as follows:

| Particulars | Amount (in Rs.) |
|---|-----------------|
| <u>Authorized Capital</u> 30,00,000 equity shares of Rs. 10/- each | 3,00,00,000 |
| <u>Issued, Subscribed and Paid-up Capital</u> 25,00,000 equity Shares of Rs.10/- each | 2,50,00,000 |



4.3.1 Shareholding Pattern of Resulting Company as on 31st March, 2015

| Sr. No. | Category | Percentage of Shareholding |
|--------------|---------------------------------------|----------------------------|
| 1. | Jagdishkumar G. Pillai - HCDL Nominee | 0.00 |
| 2. | Hathway Cable & Datacom Limited | 100.00 |
| Total | | 100.00 |

5. SOURCES OF INFORMATION

For the purpose of this assignment, we have relied on the following sources of information provided by management of the Transferor Company:

- Statement of assets and liabilities of the ISP Business as on 31st March, 2015
- Proposed scheme of agreement between the Transferor Company and the Resulting Company, for the purpose of transfer of the undertaking into the Resulting Company under the relevant provision of the Companies Act, 1956 and the Companies Act, 2013, as applicable .
- Shareholding pattern of the Resulting Company as on 1st April, 2015 certified by the Company Secretary
- Correspondence with the management including Management Representation

In addition to the above, we have obtained such other information and explanation which were considered relevant for the purpose of our analysis.

6. VALUATION ANALYSIS

As stated above, the entire exercise is a restructuring exercise to achieve the objectives stated in the Scheme. Since the Resulting Company is a wholly owned subsidiary of the Transferor Company as on the Appointed Date, the interest of the shareholders of the Transferor Company will not be in any way prejudicially affected based on the consideration attributed to Demerged Undertaking. We have been informed that the Board of Directors of both the companies have decided to carry out this transaction at **Rs. 98.05 Cr.**, which is broadly based on net aggregate book value of the assets and liabilities of the ISP Business.

As per the Scheme, the consideration for the proposed transfer of the ISP business into the Resulting Company will be paid in cash.

7. DISTRIBUTION OF REPORT

This report is confidential and has been prepared exclusively for the addressee of this report. However, we understand that this report will be shared with the audit Committee, Board of directors and the shareholders of the Transferor Company and HBPL. It should not be used, reproduced or circulated to any other person for the purpose other than mentioned above, in whole or in part, without prior written consent of us. Such consent will only be given after full consideration of

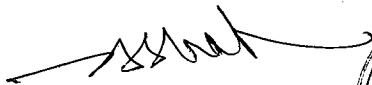


circumstances at the time. We further understand that this report will be shared with the advisors and merchant bankers providing fairness opinion to the transaction and regulatory authorities. Please note that we do not have any responsibility or liability to the Addressee's advisors, consultants, shareholders / investors or any other third party.

8. CONCLUSION

Based on above and subject to necessary approval, in the event of the transfer of the ISP Business into the Resulting Company with effect from the Appointed Date, as per the scheme, the Transferor Company will be entitled to receive cash consideration of **Rs. 98.05 Cr.** based on the agreed value provided by the management and reviewed by us. Since the Resulting Company is wholly owned subsidiary of the Transferor Company, in the event of the transfer of the ISP Business to HBPL, the interest of the shareholders of the Transferor Company is not prejudicially affected.

For,
J. B. Shah & Co,
Chartered Accountants
Firm Reg. No. 121333W



Jasmin B. Shah
Proprietor
Mem. No. 46238
Place : Ahmedabad
Date : 05/11/2015

