

Hathway Cable & Datacom Limited

PRESS RELEASE

EARNINGS RELEASE FOR THE FIRST QUARTER ENDED JUNE 30, 2011

Highlights:

- Hathway Standalone Operating Revenues at Rs. 1,225 Mn compares with Rs.999 Million in the corresponding quarter previous year. This represents a 22.6% growth over the same period last year.
- EBITDA at Rs.192 million compares with Rs.141 Mn in the corresponding quarter previous year. This represents a growth of 36.2%.
- EBITDA margins improved by 150 basis points from 14.1% to 15.6%.

The Board of Directors of Hathway Cable and Datacom Limited (Hathway) (BSE: NSE) in its meeting held on 12th August, 2011, had taken on record the unaudited standalone financials of the company for the quarter ended June 30, 2011. The total revenues for the quarter were 1,225 Million and Operating Profits (EBITDA) was Rs. 192 Millions.

Mr. K. Jayaraman, MD & CEO Hathway Cable and Datacom Limited said “Digitization of cable networks which we believe is imminent based on the proposed schedule for phased roll out by the TRAI points to a bright future for the industry. Hathway with its emphasis on digitizing its customer base voluntarily in anticipation of mandatory digitization is well positioned to take advantage of the business environment where there is greater transparency of the subscriber base. Inevitably in a growing economy such as ours consumption of media is bound to take off. This is particularly true of bundled services such as Cable and Broadband. Given our significant presence in the Broadband space in addition to our Cable TV services we expect to see an upward trend in ARPU’s in the coming years.”

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Standalone Statements of Accounts

Rs. In Million

Hathway Cable & Datacom Limited	FY12 Q1	FY11 Q1	FY11
Income			
Income from Operations	1,205.6	991.4	4,667.2
Other Operating Income	19.5	7.6	71.5
Total	1,225.2	999.0	4,738.7
Expenditure			
Employees cost	104.4	89.9	416.5
Pay Channel Cost	347.5	279.1	1,196.9
Operational expenditure	262.1	219.6	1,023.9
Administrative expenditure	319.7	269.0	1,201.8
Total Expenditure	1,033.6	857.7	3,839.1
EBITDA before Other Income	191.5	141.3	899.5
EBITDA before Other Income Margin %	16%	14%	19%
Other Income	52.2	43.2	222.5
EBITDA After Other Income	243.8	184.5	1,122.0
EBITDA After Other Income Margin%	20%	18%	24%
Depreciation / Amortisation / Impairment	265.0	227.3	973.4
Interest	96.0	97.2	386.4
Exceptional Items	30.7		143.9
Prior Period Adjustment	0.1	(0.7)	21.5
PAT	(148.0)	(139.3)	(403.1)

Additionally, as per management estimates, Hathway's economic interest in the EBITDA of its' several Subsidiaries/JVs/Associate companies for the quarter under review, would aggregate to approximately Rs. 110 Mn based on the unaudited accounts of such entities. Therefore total economic interest of EBITDA is Rs.302 million which is 18% ahead of the same quarter previous year

Operating Income

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

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Review of Performance and Key Developments

During this quarter, while performance in the cable TV business was stable significant traction was perceived in the case of broadband. The results of introducing faster and higher bandwidth products (2 Mbps and 5 Mbps) were felt in this period. As more subscribers connected on these services there was a salutary impact on ARPU which went up from an average of Rs.284 to Rs.309. The company expects to see further improvement in the coming quarters as it recruits a higher proportion of subscribers to the higher ARPU plans. In preparation for eventual digitization the company also reviewed its cost structure and operational processes. The resulting increasing in productivity and decline in costs is expected to position the company well when digitization is made mandatory.

During this quarter as per the TRAI (QoS) Customer Satisfaction Survey Report 2009-2010 Mumbai Circle, Mumbai has voted Hathway Broadband number One in overall Quality of Services.

Hathway's Music Channel which was launched in the previous quarter stabilized its services and became one more popular value added services on our cable platforms in Mumbai, Delhi, Nashik and Pune. This service is in addition to other channels such as Cine Channel (CCC) (a movie channel) and ITV (an interactive music channel) on Hathway's networks in select cities.

The company also obtained the approval of its Share holders to change the application of the funds from IPO proceeds - The reallocation proposes higher spends on Set Top Boxes and digital infrastructure across its Cable TV and Broadband business. It also proposed to allocate part of the proceeds for retirement of high cost debt consequent to which the company's debt equity ratio declined. This gives the company head room for raising debt capital when roll out of STB accelerates due to mandatory digitization.

Caution Concerning Forward-Looking Statements:

This document includes certain forward-looking statements. These statements are based on management's current expectations or beliefs, and are subject to uncertainty and changes in circumstances. Actual results may vary materially from those expressed or implied by the statements Here in due to changes in economic, business, competitive, technological and/or regulatory factors. Hathway Cable & Datacom Limited is under no obligation to and expressly disclaims any such obligation to, update or alter its forward-looking statements, whether as a result of new information, future events, or otherwise.



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About Hathway Cable & Datacom Limited

Hathway are the leading cable television services provider in India, as well as one of the leading cable broadband services providers. We offer cable television services across 140 cities and towns and high-speed cable broadband services across 21 cities. We have won a number of awards for our cable television services such as being named "Best MSO" by the Indian Telly Awards Seven Times. Our Company has established 19 digital head-ends in the country.

We hold a PAN India ISP license and were the first cable television services provider to offer broadband internet services. We are currently India's largest cable broadband services provider, with approximately 1.4 million two-way broadband enabled homes passes, as on March 31, 2011. As of March 31, 2010, our subscriber base constituted approximately 52 % of the total cable broadband market in India.

In addition to our cable television and broadband service offerings, we also generate advertising and airtime revenue from advertisements aired for and on behalf of channels owned by third parties, such as the Hindi movie channel, Cine Channel, and the music channel, ITV.