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Board of Directors

Date: November 05, 2015

Hathway Cable And Datacom Limited

805/806, "Windsor"

Off C.S.T. Road, Kalina,

Santacruz (E), Mumbai-400098

**RE: Fairness Opinion on valuation report for proposed scheme of arrangement between Hathway Cable and Datacom Limited and Hathway Broadband Private Limited.**

**PURPOSE**

We understand that Hathway Cable and Datacom Limited (Transferor Company) and Hathway Broadband Private Limited (Resulting Company) Proposes a scheme of Arrangement under Sections 391 to 394 and other applicable provisions of the Companies Act, 1956, including the corresponding provisions of the Companies Act, 2013.

We have been engaged to give fairness opinion on Valuation Report dated November 05, 2015 issued by J.B. Shah & Co., Chartered Accountants .



**BACKGROUND**

**Hathway Cable and Datacom Limited (Transferor Company)**

We understand that Hathway Cable & Datacom Limited (Transferor Company) is a public limited company incorporated under the Companies Act, 1956 on 7th 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.

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.

**Hathway Broadband Private LIMITED (Resulting Company)**

We understand that Hathway Broadband Private Limited (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

## TRANSACTION

This Scheme provides for the demerger of the ISP Business from the Transferor Company to the Resulting Company and the consequent payment of Rs. 98.05 Crores 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

**Demerged Undertaking or ISP Business** means the business of the Transferor Company as an internet service provider, operating 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, comprising, inter alia, all of the properties, assets and liabilities which are directly and exclusively relatable to the Demerged Undertaking.

The carve out of the broadband business is aimed at accelerating value creation for Hathway Shareholders. The separation will allow Hathway to aggressively focus on the significant growth potential for high speed data and related services in India. Globally, wireline or fixed broadband has emerged as a key driver of technology adoption and overall, GDP growth. India lags most countries including countries in Asia in wireline broadband penetration reaching only about 8% of the potential universe. Hathway Broadband intends to take the lead in driving wire line broadband penetration in India and become a key player in Prime Minister Modi's Digital India Initiative. The Company believes that its hybrid fiber coax infrastructure on DOCSIS 3.0 platform is the most effective and sustainable technology in a price sensitive market like India.

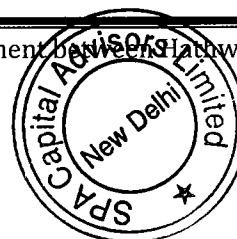
## INFORMATION RELIED UPON

- ⊕ Valuation report from J.B. Shah & Co., Chartered Accountants. dated 05th November, 2015.
- ⊕ Draft Scheme of Amalgamation
- ⊕ Information and explanations given by management of Hathway Cable as used for valuation.

**Statement of Limiting Conditions:** The Final Report has been prepared for the internal and exclusive use of the Board of Directors of Hathway Cable and Datacom Limited (the "Board of Directors") in support of the decisions to be taken by them. Therefore, the Final Report may not be disclosed, in whole or in part, to any third party or used for any purpose whatsoever other than those indicated in the Engagement and in the Final Report itself, provided that the Final Report may be transmitted to the experts appointed in compliance with the law and its content may be disclosed publicly where required by regulations of the Indian authorities. Any other use, in whole or in part, of the Final Report will have to be previously agreed and authorised in writing by SPA Capital Advisors Limited (SPA). In preparing the Final Report, SPA has relied upon and assumed, without independent verification, the truthfulness, accuracy and completeness of the information and the financial data provided by Hathway Cable. SPA has therefore relied upon all specific information as received and declines any responsibility should the results presented be affected by the lack of completeness or truthfulness of such information. Publicly available information deemed relevant for the purpose of the analyses contained in the Final Report has also been used. Therefore the Final Report is based on: (i) our interpretation of the information which Hathway Cable, as well as their representatives and advisers, have supplied to us to date; (ii) our understanding of the terms upon which Hathway Cable intends to consummate the Transaction (iii) the assumption that the Transaction will be consummated in accordance with the expected terms and within the expected time periods. In the execution of the Engagement, SPA has elaborated its own analyses based on the methodologies illustrated below, reaching the conclusions contained in the final paragraph of this Final Report.

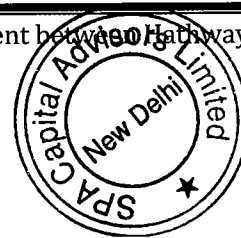
The Final Report and the Opinion concern exclusively for the purpose of proposed amalgamation and do not constitute an opinion by SPA as to the absolute value of the shares of Hathway Cable and Hathway Broadband. The conclusions contained in this Final Report are based on the whole of the valuations contained herein and therefore no part of the Final Report may be used apart from the document in its entirety.

The Final Report and the Opinion are necessarily based on economic, market and other conditions as on the date of valuation i.e. 05th November, 2015, and the written and oral information made available to us until 05th November, 2015. It is understood that subsequent developments may affect the conclusions of the Final



Report and of the Opinion and that, in addition, SPA has no obligation to update, revise, or reaffirm the Opinion.

In addition, SPA is expressing no opinion as to the price at which any securities of Hathway Cable and Hathway Broadband will trade on the stock market at any time. Other factors after the date hereof may affect the value of the businesses of Hathway Cable and Hathway Broadband either before or after completion of the event. No opinion is expressed by SPA whether any alternative transaction might have been more beneficial to Hathway Cable. It is understood that SPA or certain SPA affiliates, in the ordinary course of their activities, may actively trade, for their own account or for the account of customers, the equity and debt securities of Hathway Cable and Hathway Broadband or companies directly or indirectly controlled by, affiliated with Hathway Cable and Hathway Broadband or in which Hathway Cable and Hathway Broadband holds securities, and, accordingly, may at any time hold long or short positions in such securities. It also remains understood that SPA or certain SPA affiliates may currently have and may in the future have commercial banking, investment banking, trust and other relationships and/or engagements with, Counterparties which may have interests with respect to Hathway Cable and Hathway Broadband, or companies directly or indirectly, controlled by, affiliated with Hathway Cable and Hathway Broadband or in which Hathway Cable and Hathway Broadband holds securities. Finally, it remains understood that SPA or certain SPA affiliates may have fiduciary or other relationships and engagements whereby SPA or certain SPA affiliates may exercise voting power over securities of various persons, which securities may from time to time include securities of Hathway Cable and Hathway Broadband, or companies directly or indirectly controlled by, affiliated with Hathway Cable and Hathway Broadband, or in which Hathway Cable and Hathway Broadband holds securities, or other parties with an interest in the Transaction.



**SUMMARY OF VALUATION PERFORMED BY J.B. Shah & Co., Chartered  
Accountants.**

As per valuer, value of ISP business lies in its assets and hence they valued it INR 98.05 Cr. basis Net aggregate book value of the assets and liabilities of the ISP business.

We understand that the Resulting Company is a wholly owned subsidiary of the Transferor Company so as per the scheme referring valuation report the consideration for the proposed transfer of the ISP business into the Resulting Company will be paid in cash.

**CONCLUSION**

**Subject to the assumptions presented herein, in our opinion the valuation done by J.B. Shah & Co., Chartered Accountants is fair considering circumstances and purpose of valuation.**

As per the Scheme, the consideration for the proposed transfer of the ISP business into the Resulting Company will be paid in cash. The management of the Transferor Company and the Resulting Company have decided to carry out the transaction at Rs 98.05 Cr which is broadly based on net aggregate book value of the assets and liabilities of the ISP business.

Since the Resulting Company is wholly owned subsidiary of the Transferor Company, in the event of the transfer of the undertaking to Resulting company, the interest of the shareholders of the Transferor Company is not prejudicially affected.

**For SPA Capital Advisors Limited.**



**(Sourabh Garg)**  
**Vice President**



**(Khushboo Tanwar)**  
**Manager**

Submitted to

**Hathway Cable and Datacom Limited**

**FAIRNESS OPINION REPORT**

**On valuation Report for Proposed Scheme of arrangement between**

**“Hathway Cable and Datacom Limited**

**And**

**Hathway Broadband Private Limited”**

**From J.B. Shah & Co., Chartered Accountants**

**BY**

**M/s SPA CAPITAL ADVISORS LTD.**

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“Everything we hear is an **opinion**, not a fact. Everything we see is a perspective, not the truth.”

November 05 2015