



NXTDIGITAL Limited

INVESTOR PRESENTATION

FY20 Performance

03rd August 2020

Version vF3



HINDUJA GROUP



Building businesses and serving society for over 100 years

Privately owned by the Hinduja Family

Diversified holdings across 11 industry verticals

Active in over 100 countries across 6 continents; Direct presence in 38 countries

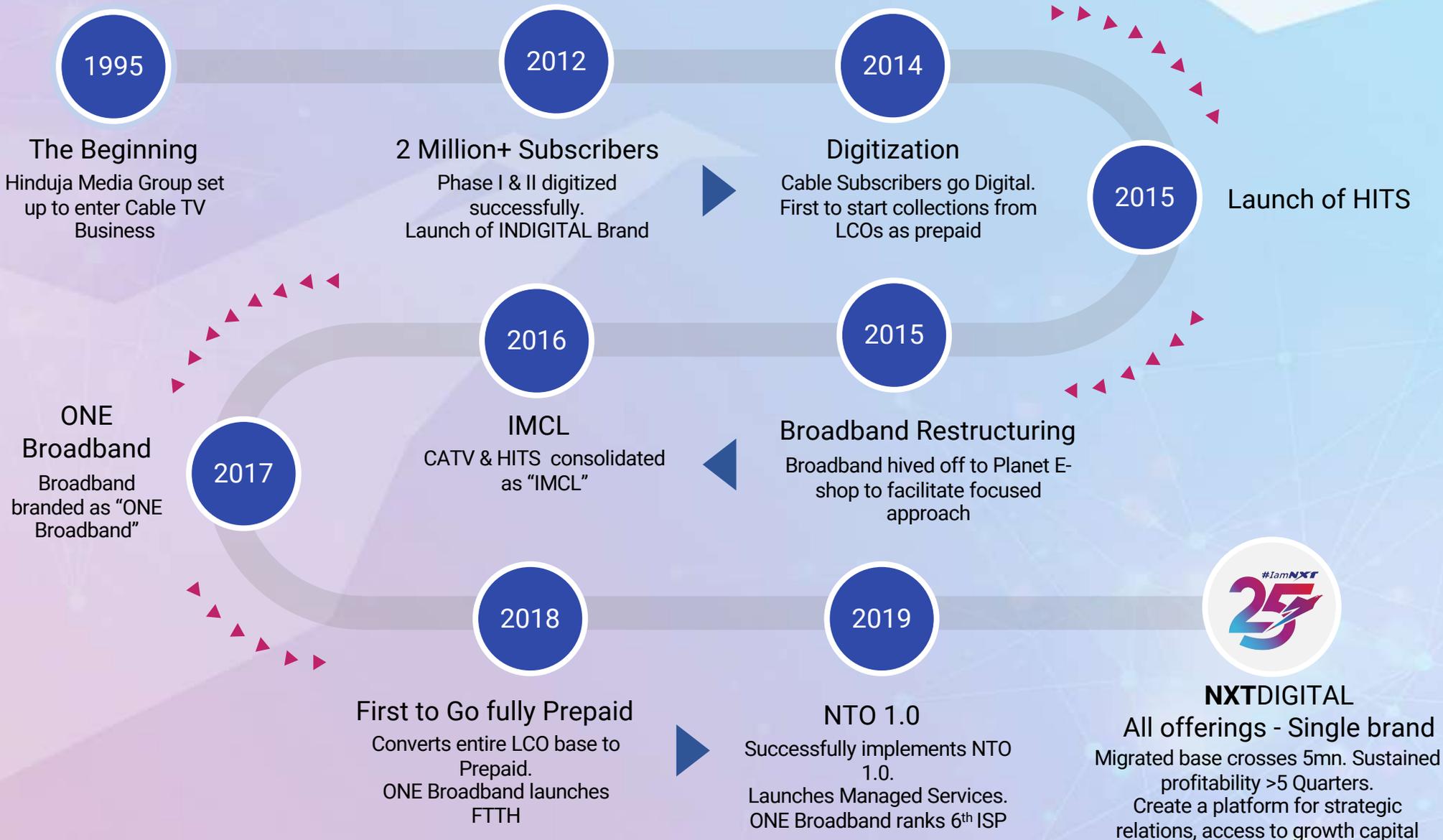
Entered Europe in 1970s

Employs over 150,000 personnel

Multi billion-dollar turnover Group

Group is an international investor and India is one of its many investing destinations

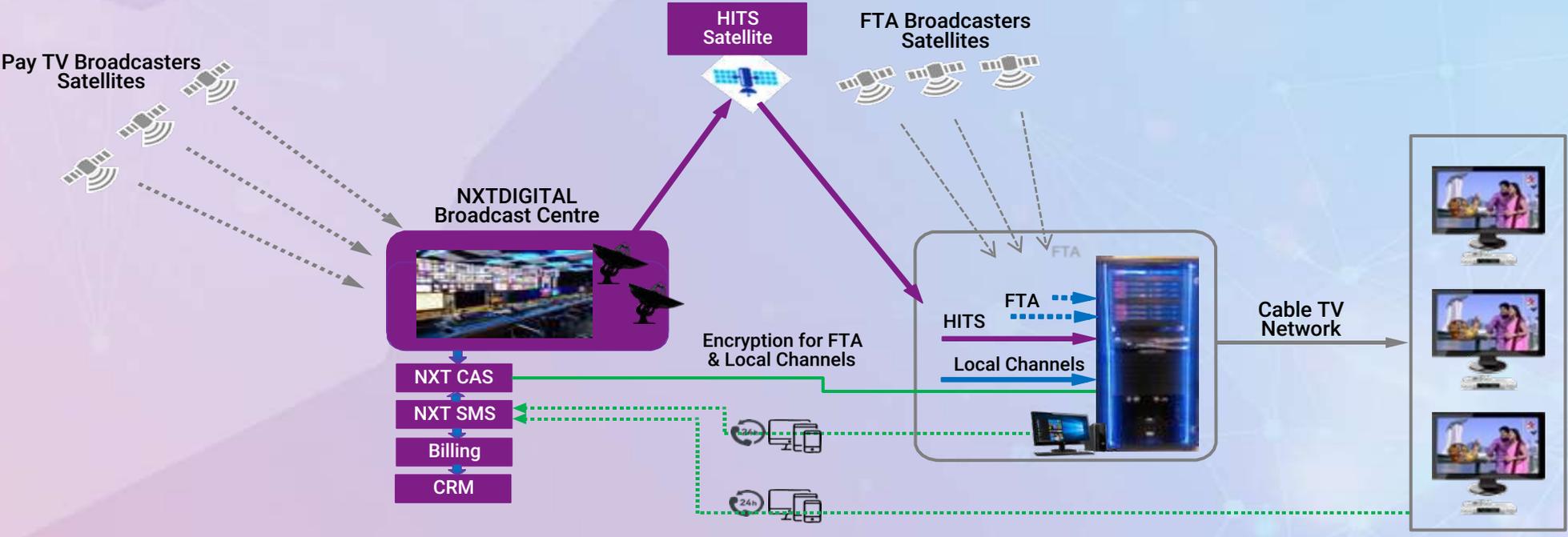
25 Year legacy of delivering digital content



Headend-in-the-Sky (HITS)

- The LCO can go digital within 24 hours anywhere across India by simply installing a proprietary Cable Operator Premise Equipment (COPE)
- Does not require to be connected to any fibre etc. and is not affected by weather conditions
- No additional technology or satellite capacity is required to add subscribers leading to low Customer Acquisition Costs

- Signals are received directly from satellite, irrespective of the location of the Local Cable Operator (LCO)
- Low maintenance COPE system consuming low power and occupies less space making it attractive for LCOs
- Technology compliant with DAS and NTO regulations



HITS technology enables seamless Digital TV penetration in even remote areas in cost-effective manner and offers sizable network sharing opportunity

HITS emerges as a clear winner among digital content delivery modes



Parameter	HITS 1 Operator - NXT	Cable TV >1,600 MSOs	DTH 4 Operators
Pan-India reach	YES : Satellite footprint across India+	NO	YES
Weather resistance (rain attenuation)	YES : Service in C-band	YES	NO
Unaffected by fibre cuts, hostile terrain	YES : Delivery via satellite so zero dependence on terrestrial issues	Challenges of fibre cuts as well as hostile terrain	YES
Channel expansion + addition of Value-added Services without significant capex	YES : Unique tech. to add channels at low cost	Requires investment in main head-ends	Capacity constraints as same satellite required
Ability to provide Managed Services	YES : System designed to provide managed services with multiple tech. combinations	Highly limited to area of operation only, requires addl. costs	NO
Easy installation for MSO/LCO	YES : Specially designed single-unit COPE	Requires investment and timeframe	N/A
Low franchisee + subscriber addition cost	YES : Can expand to any geography	Limited to area of operation only	NO
Digital services provisioning	YES : System designed to function as a "connected" platform	YES	NO

NXTDIGITAL being the only HITS platform in the country enjoys significant competitive advantage



Delivering services through multiple avenues

Digital Content Delivery

25-year legacy of delivering digital content services via HITS and Cable TV as a Multi Systems Operator (MSO)

700+ TV services across India through HITS

730+ TV services in 100+ key cities through Cable TV

Total Subscriber base of > 5.2mn on HITS and CATV

Managed Services

Only platform to offer Managed Services to other MSOs and LCOs nationwide

>5.16 mn subscribers under executed managed services contracts – onboarding commenced

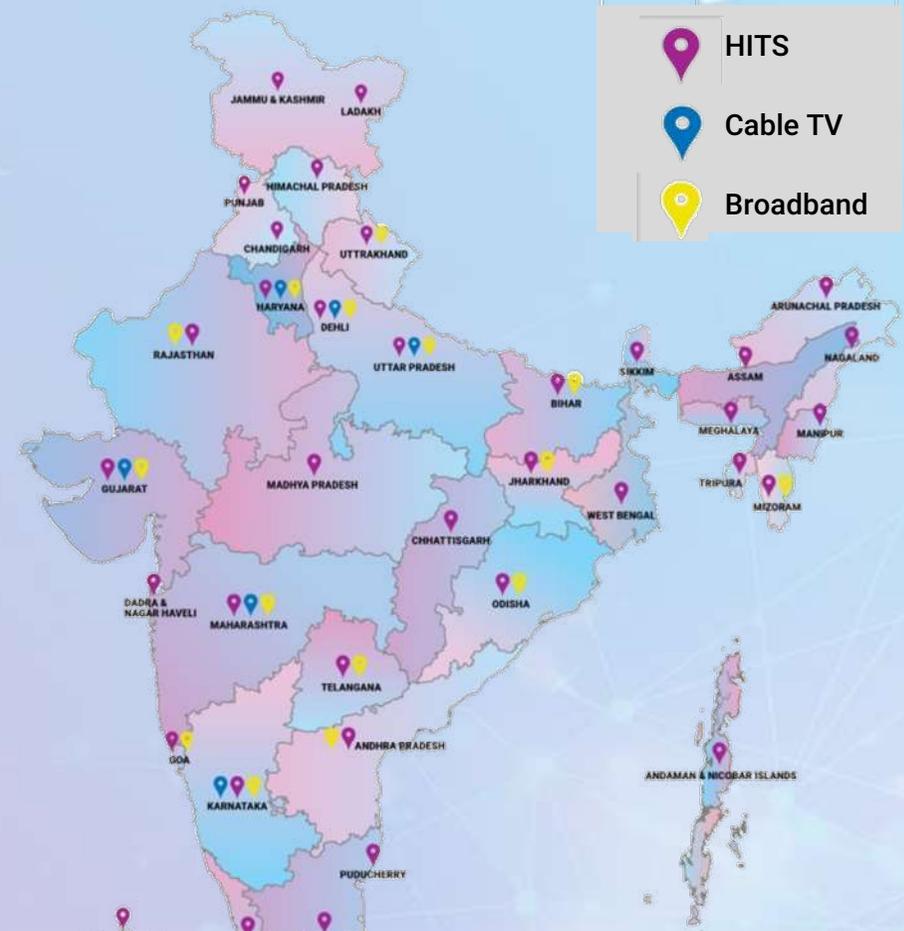
E2E technology Infrastructure provided to MSO customers leveraging HITS

Broadband Services

>5,000 kms of Underground & Overhead optical fibre networks delivering high speed internet and FTTH

Broadband subscriber base of >300,000 users

~70,000 Buildings Ready for Installation



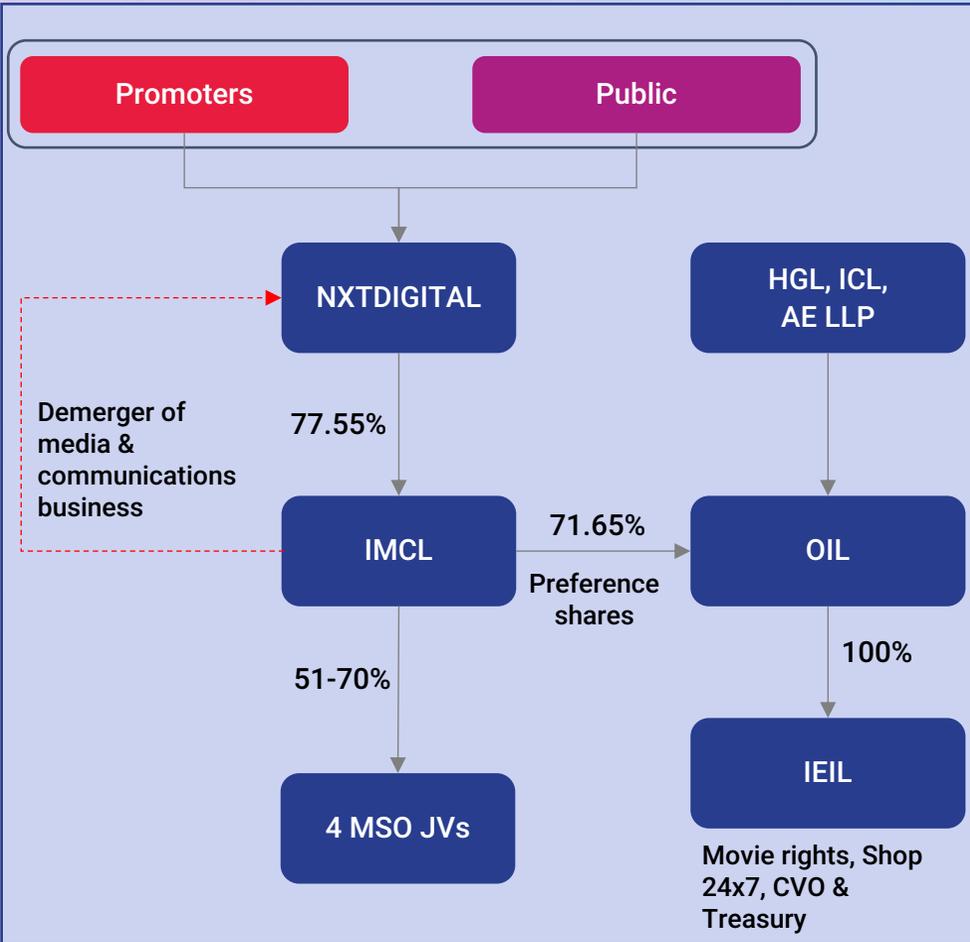
>60% subscribers from fast growing segments of semi-urban and rural India

Presence in over 1,500 cities and towns across India with >30,000 feet-on-street

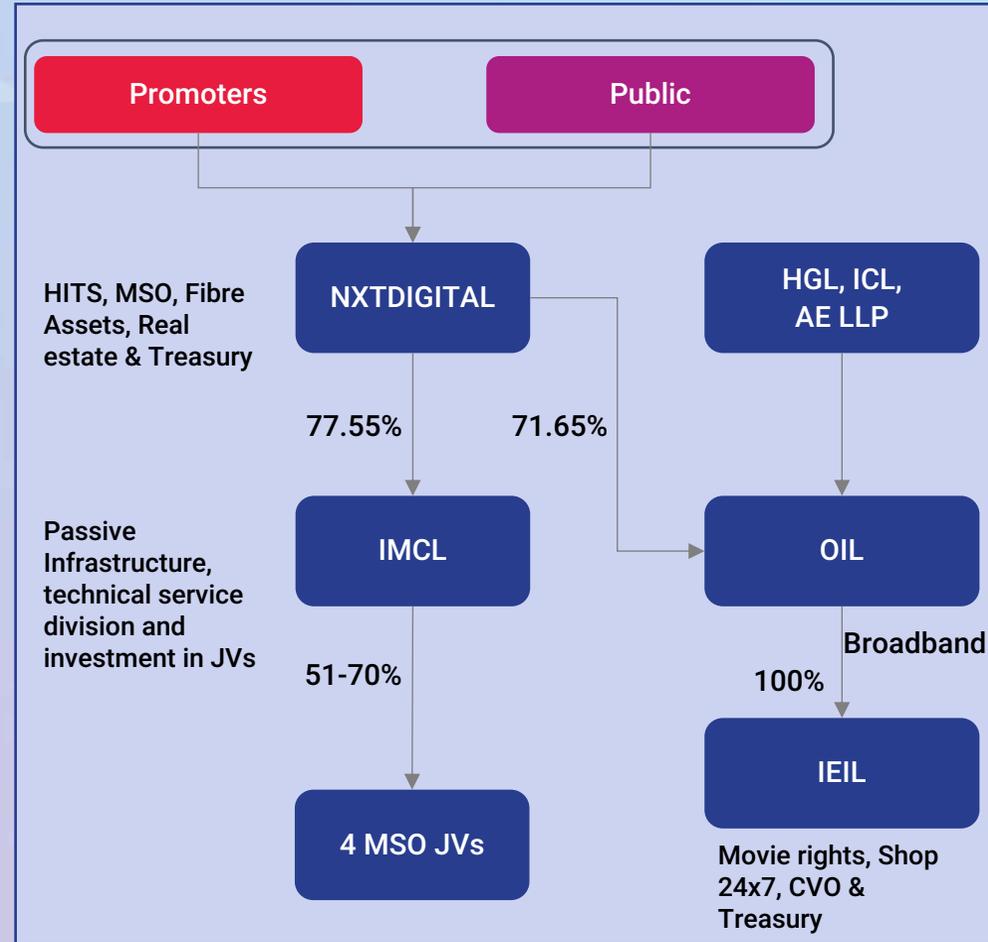
Recently undertook restructuring to simplify holding structure and better align businesses to facilitate growth



Existing corporate structure



New corporate structure



AE LLP – Aasia Enterprises LLP.; HGL – Hinduja Group Ltd.; ICL – IndusInd Communications Ltd.; IEIL – In Entertainment (India) Ltd.; IMCL – IndusInd Media & Communications Ltd.; OIL – ONEOTT Entertainment Ltd.





Ashok P Hinduja, Non-Executive Chairman & The Hinduja Group

- Chairman of the Board who also chairs Hinduja Group of Companies (India) and IIHL (promoter of IndusInd Bank) among other group companies
- The Hinduja Group, founded by P.D. Hinduja, has a history of over a century running successful businesses across sectors such as Automobiles, Oil & Gas, Media, BFSI, IT & ITES etc.



HINDUJA GROUP



Vynsley Fernandes CEO

- Veteran of the Media & Entertainment industry with 30+ years of experience
- Hands-on experience with DTH & HITS platforms, digital cable networks, and news & entertainment channels
- Formerly led assignments across organizations like Star India, 21st Century Fox & TATA SKY



Yugal Kishore Sharma CEO, OIL

- Masters in International Marketing from IIFT
- 26+ years of experience in the technology space
- Extensively worked across the internet service provider (ISP) industry
- Formerly led assignments across organisations such as DEN Networks & Tikona



Amar Chintopanth CFO

- Chartered Accountant with an experience of 36+ years across areas of Audit, Finance & Accounts, Taxation, Treasury, Compliance, Business strategy, M&A, Capital raising etc.
- Has served in coveted corporates such as the ITC Group, Polaris, and 3i Infotech & has been with the Hinduja Group since 2014



N K Rouse COO

- 33+ years of diverse experience; Has served at Star India, YOU Broadband, Hathway Cable & Datacom



Ruwanmali Ediriwira CTO

- 20+ years of experience in the TMT space; led some of the biggest technology projects at Vodafone UK and Accenture Europe



Ajay Sharma, General Counsel

- Over 3 decades of legal experience, with much of it in media and allied laws; Ex-Arthur Anderson, Star India

Industry Trends

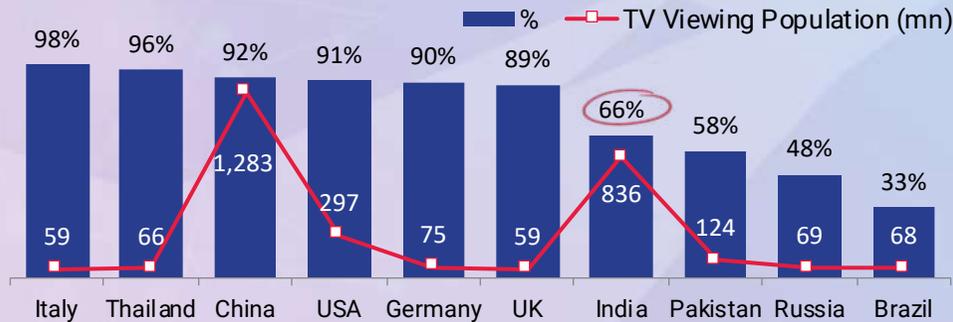


Television is here to stay and grow in a sustainable fashion...



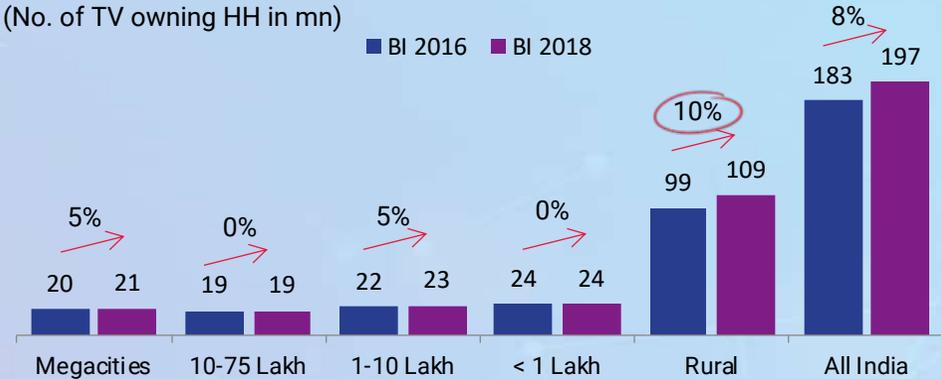
TV penetration in India yet to catch up with the developed world...

(TV Viewing Population (in mn), % of TV viewing audience in the country)



... with semi-urban, semi-rural and rural India emerging as the prime growth drivers

(No. of TV owning HH in mn)



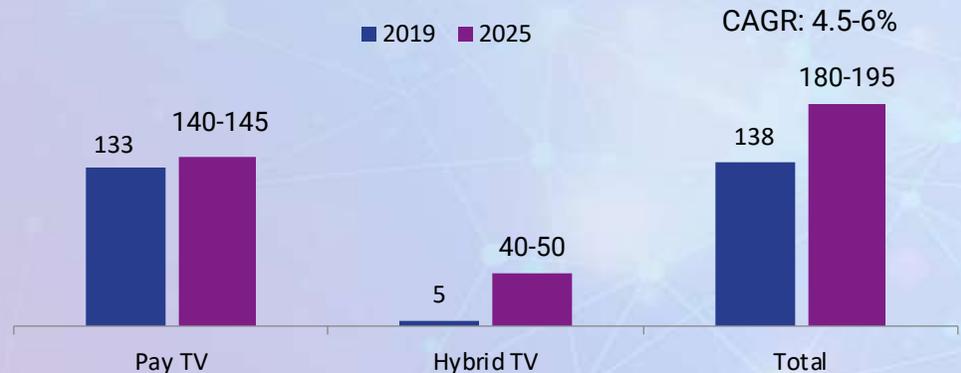
Number of players in India reflects potential of the market...

No. of Players	2018	2019
MSO	1,471	1,632
DTH	5	4
HITS	1	1

NXTDIGITAL remains the only HITS platform in the country

... leading to an overall increase in Pay TV subscriptions

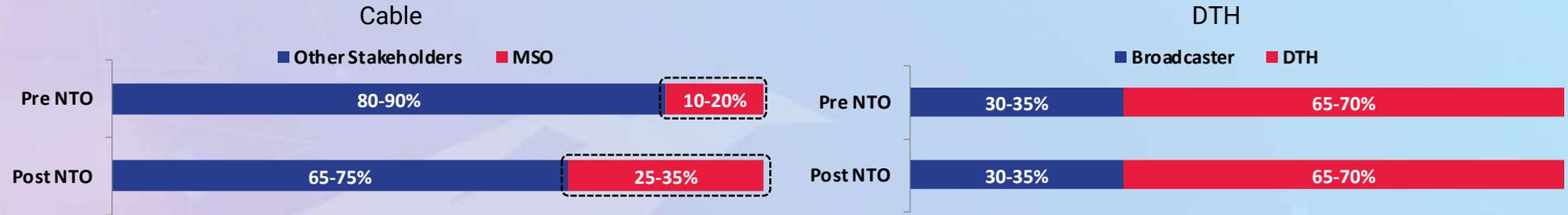
(No. of subscribers in mn, excludes free TV)



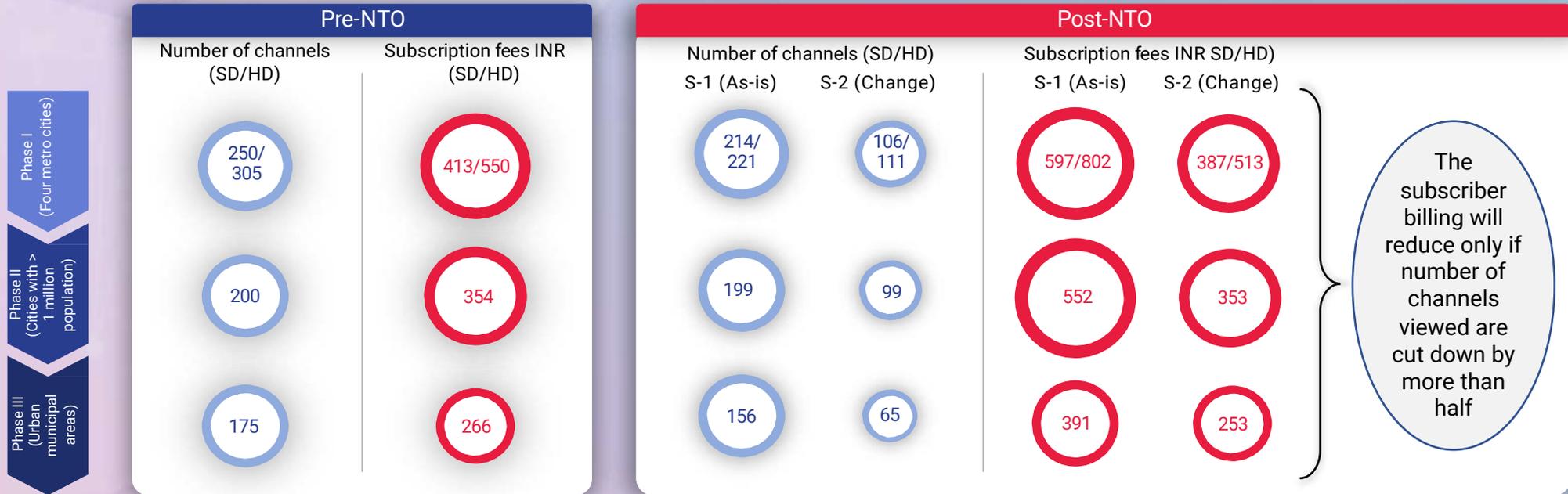
New Tariff Order (NTO): MSOs benefit as content costs become pass-through



MSO's witnessed a sharp increase in share of customer ARPU due to NTO implementation



Expansion in customer ARPUs further aiding MSO revenues



Greater share of ARPUs + Increase in ARPUs = Enhanced Profitability of MSOs

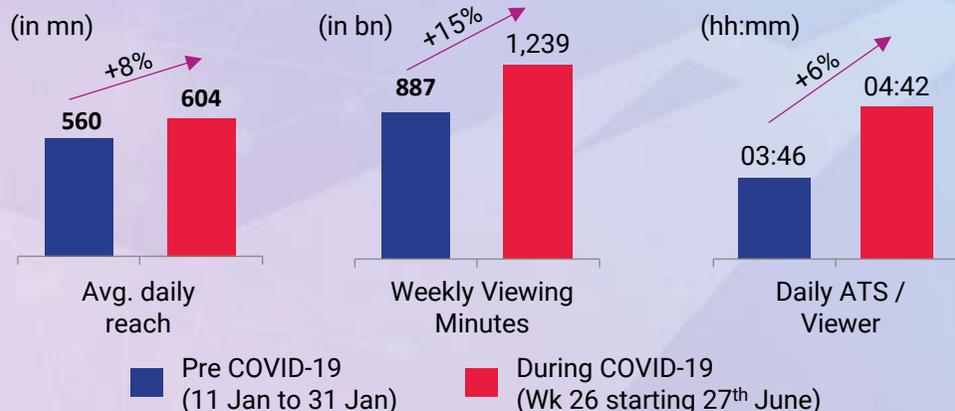
Note: S-1: As-is situation with no change in channel pack, post-NTO implementation (100 FTA channels plus pay channels); S-2: A scenario where subscribers opt only for channels that they want to view (25 government-mandated channels plus select pay channels) to reduce or maintain their payout/existing TV bill



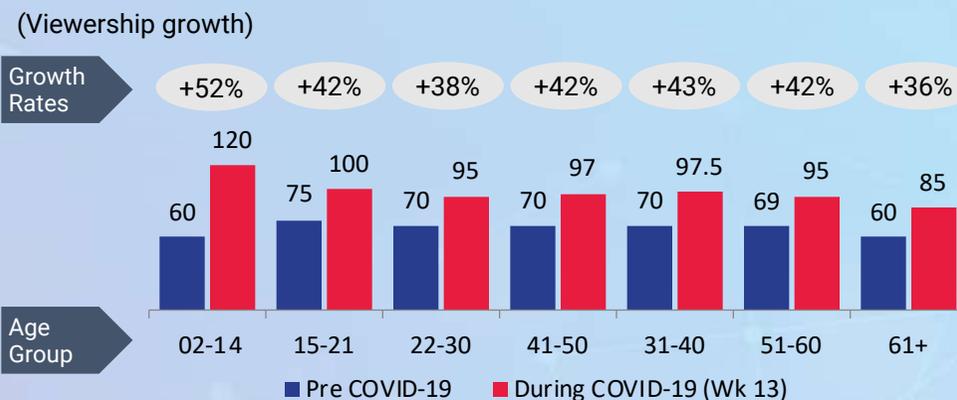
Secular rise in the TV viewership across the country accelerated by COVID



In a post Covid world, TV viewership has increased significantly...

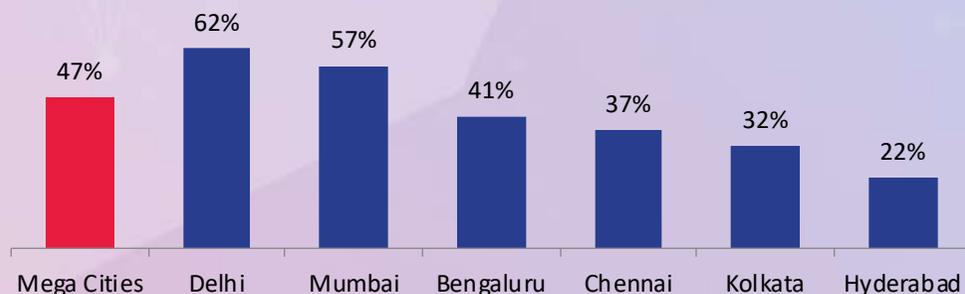


...driven primarily by growth in more sticky kids segments



High growth in premium audiences and Non-Prime Time viewership further adding to growing importance of TV in people's lives

(NCCS A peak viewership growth during Covid)



(Viewership growth vs. pre-Covid levels in Wk 26 starting 27th June)

	All India	HSM	South
All Day	15%	17%	11%
Non-Prime Time	43%	55%	28%
Prime Time	-10%	-12%	-6%

DPOs benefitting through surge in ARPUs & renewal of defunct connections → Further subscriber addition expected

Our Business



Sustainable and growth-oriented business model in play



Only Multi-System Operator in the country with a **“pre-paid” base of over 99.5%**

Only dual service with a **HITS platform** in Asia

Delivering **maximum number of TV channels** across cable & satellite

Delivering services pan-India to over 1,500 locations > **50% districts**

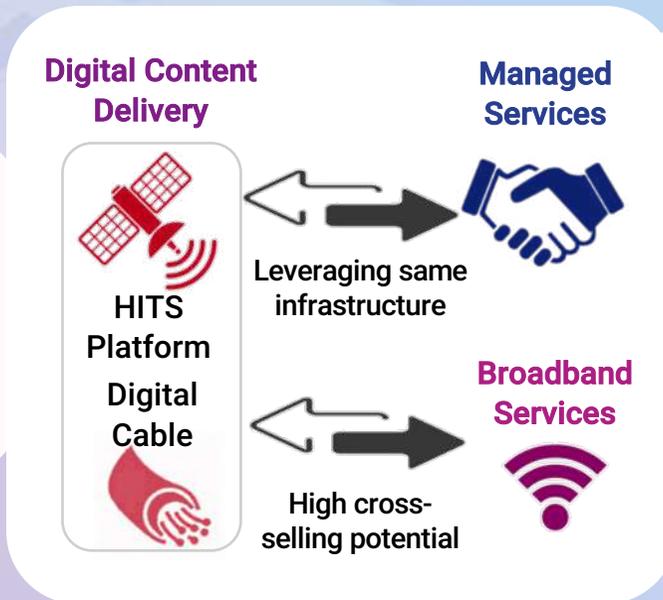
Network of **over 9,000 franchisees** across the country

Sophisticated broadcasting centre in Noida & data centre in Mumbai

80% of LCOs collecting from customers **through digital means**

>55% of subscriber base of 5mn estimated to use **digital payment**

Focus on KPIs like On-Time & Same-Month Renewal, churn etc.



Only platform to offer **“Managed Services”** to other MSOs & LCOs, pan-India

Existing contracts for **~5.16mn customers** pending execution

No additional technology or capacity required for subscriber addition

Will help regional and independent **MSOs sustain and grow**

Leverage **existing CATV customers** for increasing subscriber base

~70,000 buildings ready for installation

>300,000 subscribers and a steady growing base under the flagship **One GigaFiber**

Well laid out business model with sizeable addressable market and high operational leverage

Technology

- Continue to deploy new products and solutions to stay ahead of the curve, like advanced hybrid STBs

Managed Services

- Extend Managed Services to regional & smaller MSOs
- 1,600+ MSOs in India as addressable market

Upselling

- Re-engineer approach to grow yield through product upselling (FTA → pay SD → pay HD)
- Develop regional flavor drivers

Essential toolkit

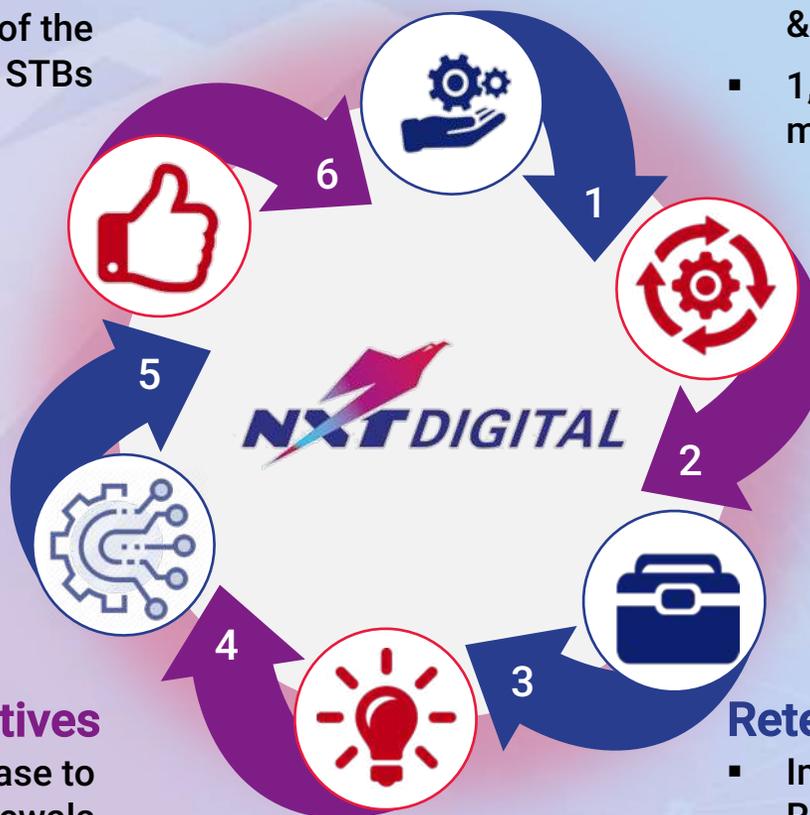
- Support LCOs to adapt offering “bundled” products – HITS or CATV + Broadband + VAS
- Cross-selling services to existing 5.2mn customer base
- Strategic alliances for toolkit products like CCTV etc.

Digital Initiatives

- Conversion of subscriber base to adopt digital renewals
- Enhance LCO digital engagement & capabilities

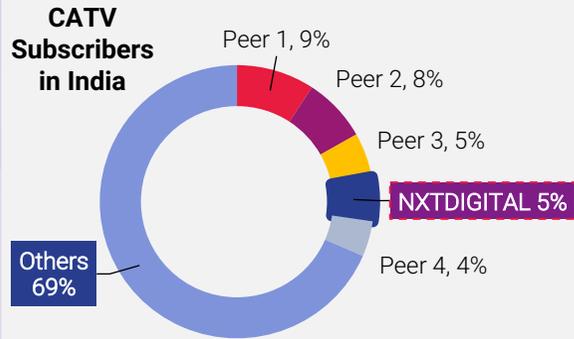
Retention

- Improving On-Time and Same-Month Renewals
- Strategic alliances with OTT partners
- Launch new packages to drive retention, like VoD services etc.



1

Managed Services & Acquisitions



Potential to **offer services to peers** and **emerge as a significant player** basis the unique technology deployed

Fragmented CATV market with **69% of the ~100mn CATV base comprising smaller MSOs** – ranging in size from 50,000 to 250,000; and in exceptional cases up to 1mn

Several MSOs looking to either reduce operating expenses as well as stay relevant in the new digital era; or exit the business

NXTDIGITAL can look to expand its serviced base from >10mn to around 30% of this base, either through managed services or acquisitions; **taking its total serviced subscribers to >30mn**

2

The Digital Boutique



NXTDIGITAL has all the elements for a **pan-India E2E digital play and beyond...**

Captive reach (via CATV & HITS), broadband & FTTH (via OIL) and content (via INE). Further extensive **reach to over 50mn touch points** through group companies

In the emerging digital play, NXT will look to **offering integrated digital solutions** to its own subscribers as well as those of managed services customers.

Services would include home surveillance, telemedicine and learning – **focusing on the emerging semi-urban, semi-rural & rural markets**

Helping its E2E ecosystem grow by **developing franchisees** into not just digital solutions providers but also **marketing channels** for group and other company products; **ranging from FMCG to financial products**

3

Satellite Media Services



NXTDIGITAL is **poised to optimize satellite services** – basis its national **network of franchisees** and its inherent **expertise of delivering services via satellite**

Can **deliver broadband to lo/no broadband penetrated markets**; leveraging NXT's network of over **1,600 points-of-presence** and **~30,000 Feet-on-Street**

Can **deliver OTT caching services** for OTT platforms to the edge of networks – **reducing dependencies on expensive CDNs** – especially in markets outside of Tier I cities.

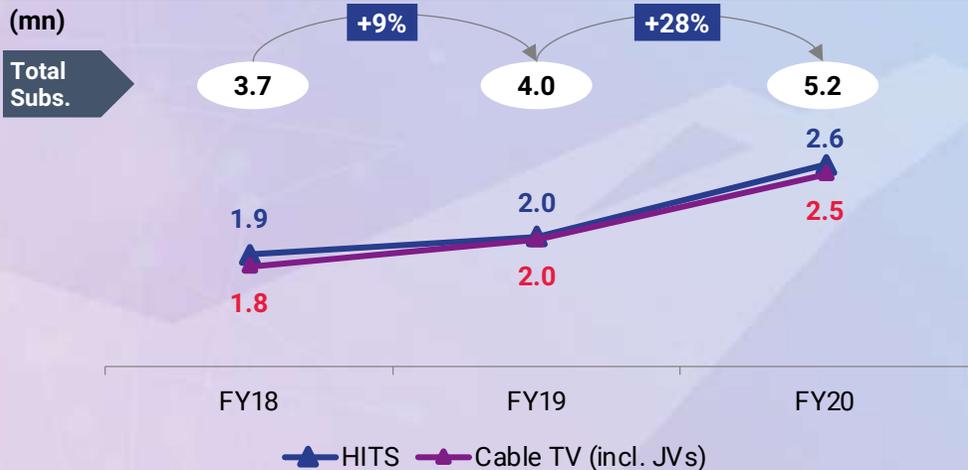
Can **extend this to providing low-cost OTT** over satellite to these yet-to-be-tapped markets, ensuring retention and ARPU growth.

NXTDIGITAL can also look to **expand its service base across its satellite footprint, covering SAARC countries**, subject to regulations

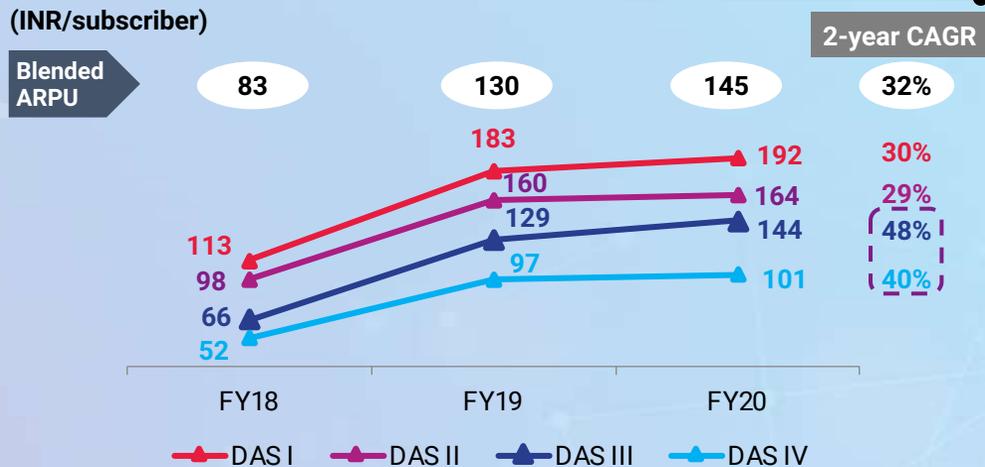
Strong operating metrics leading to robust financial turnaround (1/2)



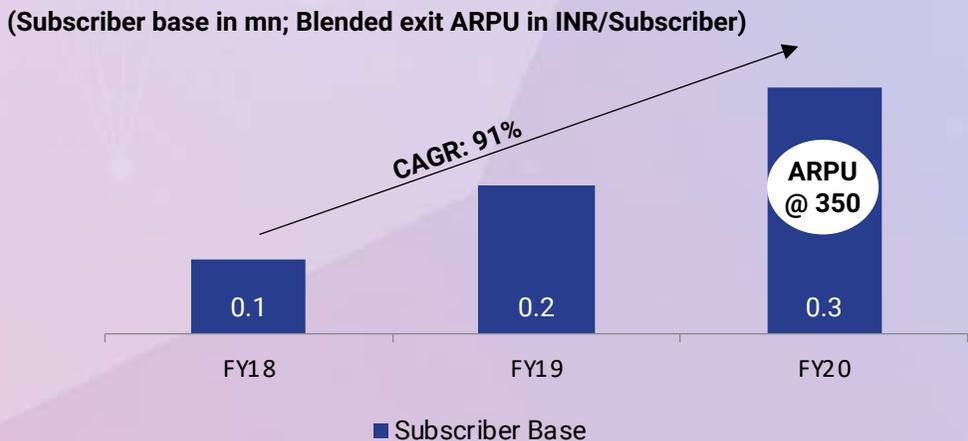
Subscriber Base – Digital Content Delivery



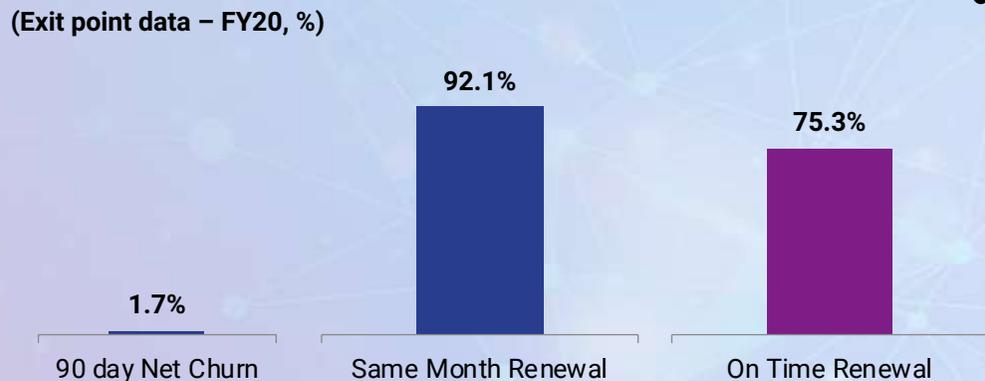
Exit ARPU – Digital Content Delivery



Broadband Services



Key Subscriber Metrics



Focused on key performance indices to set the tone for a turnaround



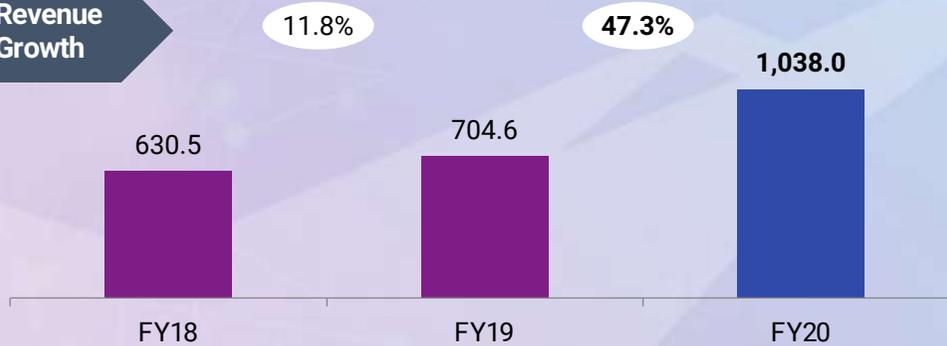
Strong operating metrics leading to robust financial turnaround (2/2)



Operating Revenue

(INR Cr)

Revenue Growth



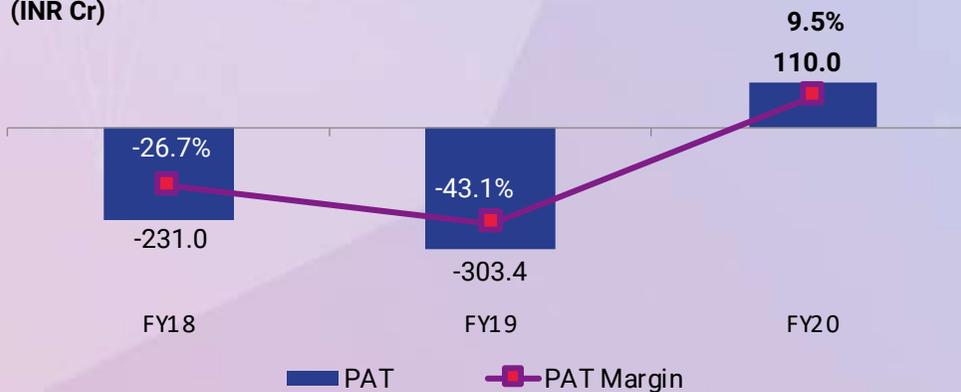
EBITDA

(INR Cr)



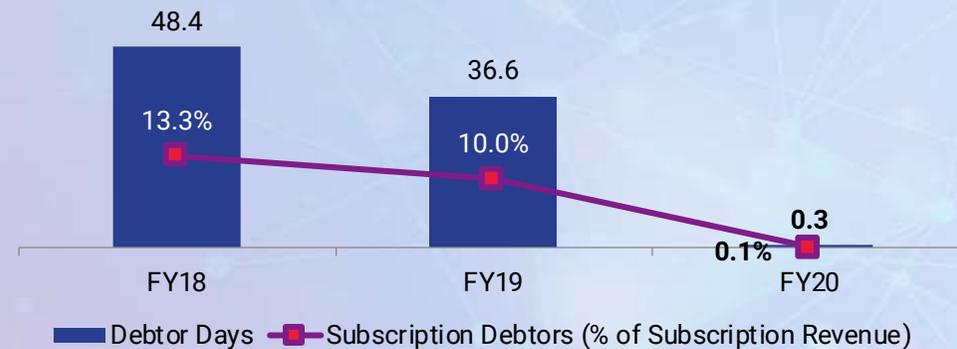
PAT

(INR Cr)



Subscriber Debtor Days

(Average Subscriber Debtor Days)



Successfully managed to turnaround the business through key sustainable initiatives and the stimulus of NTO 1.0





Digital Services Company

360° presence across distribution platforms - digital cable, HITS, wireline broadband to own 5.2mn+ subscribers.

Significant presence in the fastest growing demographics of semi-urban & rural India



Defined "inherent" growth strategies

Opportunities for "bundled" products and cross-selling services to existing base

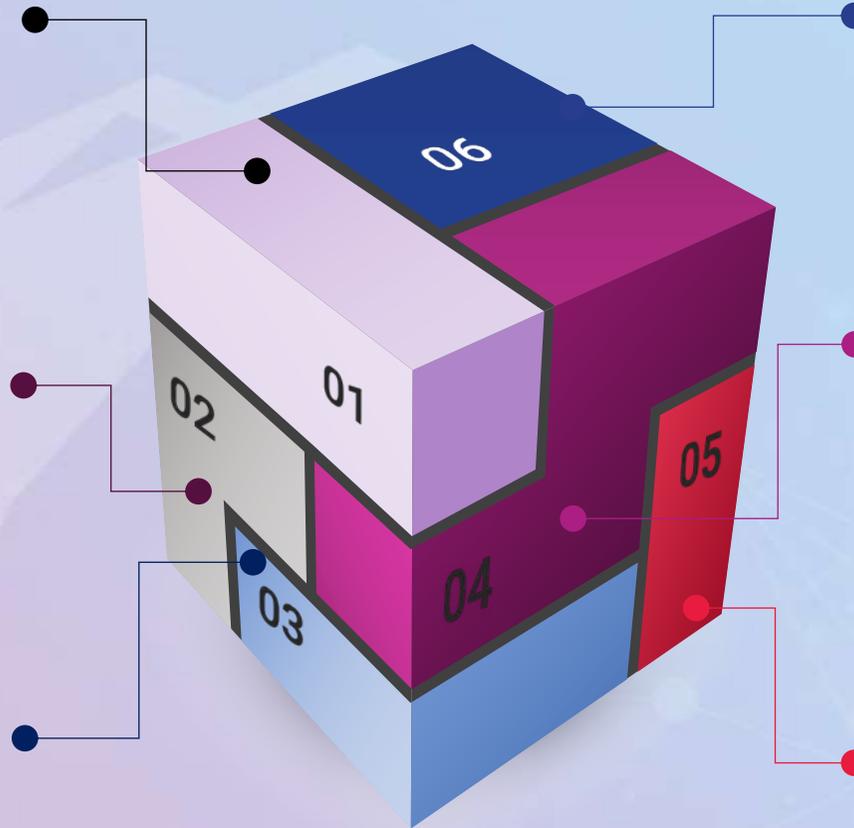
Grow ARPUs through upselling and leveraging the FTA to HD lifecycle



Managed Services Growth Driver

Contracted for ~5.16mn; onboarding in progress.

Market potential includes existing peers as well as regional & independent MSOs who comprise 69mn TV HHS



Emerging technology opportunities

Optimise infrastructure and LCO network to launch services like broadband, OTT and CDN over satellite.



Expansion Possibilities

Capability to expand to new markets by offering HITS services in Africa, Bangladesh and other parts of Asia, subject to regulations



Leverage the pan-India network

Grow the E2E ecosystem by developing franchisees into marketing channels for products

Optimise the >30,000 feet-on-street and >1,600 PoPs

Annexures



Leveraging HITS to deliver Managed Services

Benefits of Managed Services to MSO

Reduce Costs

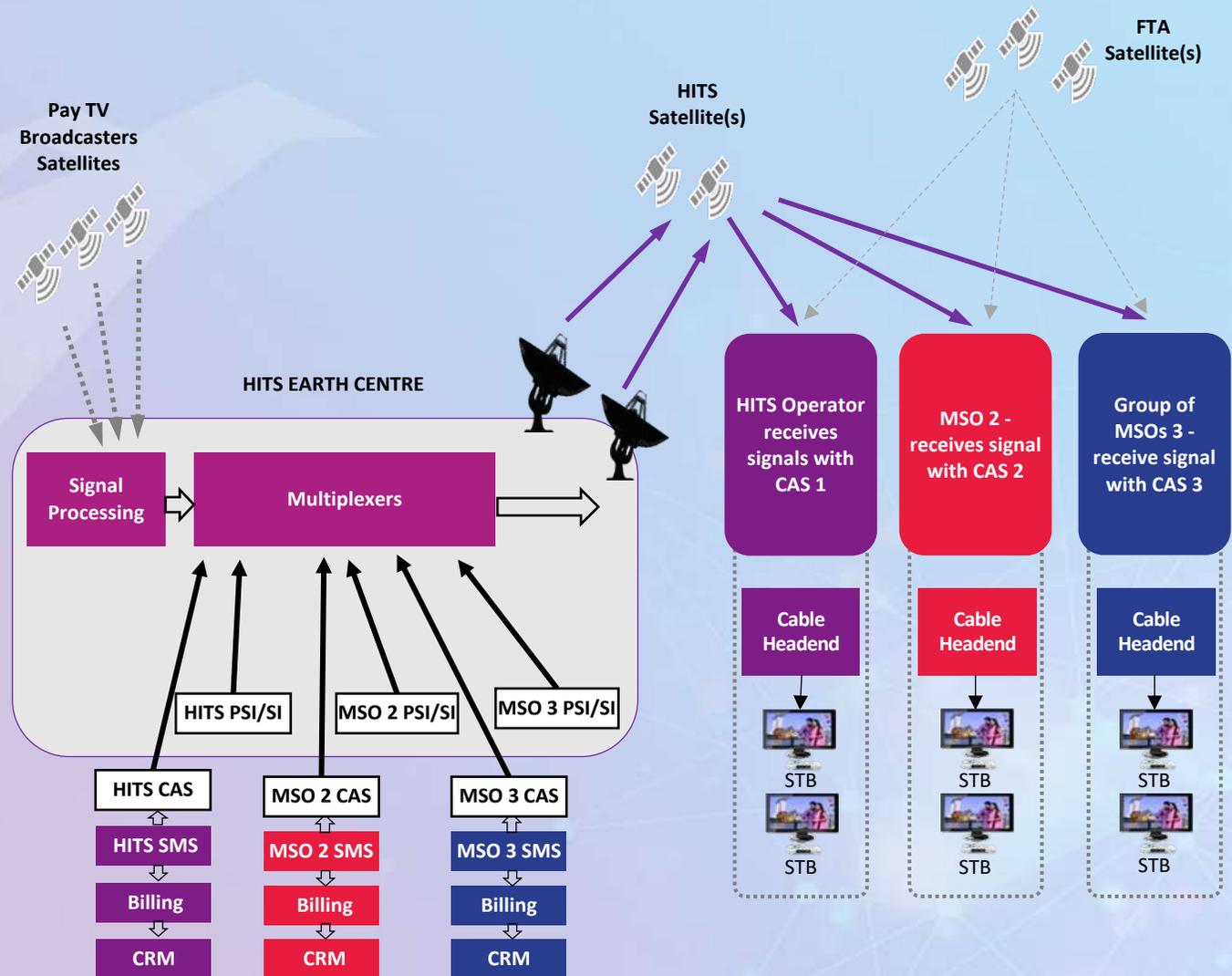
- Low cost of connectivity due to independence from fibre network
- MSO does not require to invest in a control room or drop point – Low cost of operations
- Eliminates technology upgradation investments for MSO

Enhanced Revenues

- Greater choice to end user with 700+ channels and multiple bouquets leading to higher ARPUs
- High quality signal which is independent of fibre network or weather conditions

Independence & Easy Expansion

- MSO continues to own the subscriber delivering services through NXT's tech infrastructure
- Freedom to develop their own packs and billing systems, CAS, STB etc.
- Easy expansion by simply placing NXT COPE in desired geography



All values in INR Cr. unless stated otherwise

Particulars	FY 20	FY 19
Revenue:		
Operating revenues	1,038.00	704.62
Non operating income	124.10	0.00
Total revenue	1,162.10	704.62
Expenses:		
Broadcaster costs	392.99	456.55
People costs	70.91	49.34
Other operating costs	356.09	271.33
Total expenses	819.99	777.23
EBIDTA	342.11	-72.61
Depreciation	197.48	152.68
Interest	119.79	104.30
Extra-ordinary income		35.83
Profit before tax	24.84	-293.76
Taxation	-85.21	9.67
Profit after tax	110.05	-303.43

Consolidated Balance Sheet

All values in INR Cr. unless stated otherwise

Particulars	FY 20	FY 19
Liabilities		
Equity and Reserves	248.15	556.18
Borrowings	973.73	1203.96
Lease liabilities	113.82	-
Other liabilities	637.22	731.45
Total	1,972.92	2,491.59
Assets		
Property, plant & equipment		
Including CWIP	625.03	697.37
Right of use – leases	108.98	-
Other long term assets	700.58	969.22
Other assets	538.32	825.00
Total	1,972.92	2,491.59



NXTDIGITAL LIMITED



HINDUJA GROUP