NXTDIGITAL Limited
"Q4 & FY'21 Investors Meet"
May 14, 2021

Bhanu Vazirani: Good afternoon, ladies and gentlemen. Welcome to the Q4 & FY21 Investors Meet of NXTDIGITAL Limited. On the management panel, we have Mr. Vynsley Fernandes, Managing Director & Chief Executive Officer, NXTDIGITAL Limited and Mr. Amar Chintopanth, Whole-time Director & Group Chief Financial Officer, NXTDIGITAL Limited.

We will begin the call with opening remarks from the Management as they discuss the Company's progress in the digital platform space and their performance in Q4 and FY21, following which we will have forum open for Q&A session.

Before we invite the management, we would like to share few guidelines for the smooth progression of the event. All the participants will be placed on mute mode. We will take questions post the management address, if you have any. For any query or question, you may use the Q&A window to type your questions with your name and company name or you may use the raise of hand feature in ZOOM control panel. We will first take questions from individuals who have raised their hands by unmuting the respective participant to ask the question and then we will proceed to answer the question in Q&A window.

I would now request Mr. Vynsley Fernandes to address the participants. Thank you and over to you sir.

Vynsley Fernandes: Thank you very much. Good afternoon every one of you and thank you for bearing with us while we waited for others to join and I'm sorry for the five-minute delay, not a very good thing, but I appreciate it. Thank you so much.

I'd like to start off by, on behalf of the NXTDIGITAL and Hinduja Parivaar wishing you all a happy Akshaya Tritiya and Eid Mubarak. It's a very auspicious day today, wonderful day with the onset of EID after fasting as well as Akshaya Tritiya on the same day, so very auspicious day.

I also want to hope and pray on behalf of NXTDIGITAL that you and your families are all staying safe. It continues to be a very difficult period. I know my own colleagues and I have lost dear friends as well as family members and it's a difficult time, but we are sure that like we have had resilience in the past to deal with this, we will all be able to come out of this stronger and I wish any one of you or any family members of yours that is undergoing any kind of treatment or going through the affliction I pray for them and I wish them a very speedy recovery. Thank you very much.

Amar Chintopanth: I would also just like to tell everyone that our prayers and our emotional support is there with everyone and please take care and stay safe. Thank you.

Vynsley Fernandes: So, I have a slightly longish deck this time and it's always very irritating I know on a Friday evening to have a slightly longish deck but being the annual results as well as quarterly results I thought I'll take you through. I don't want to spend too much time on what's happening in the industry, etc., but I have a single slide which I thought I'd share with you. This is very clearly a very bad year for the media and entertainment industry in India where you look at it, in fact, there's been a degrowth of about 24% in 2020. Segments such as television, advertising and subscription, which forms part of television films and print experiencing major decline. The business that we're in, the television subscriptions business which is one of the segments that we deal with, saw a revenue decline by about 7% in 2020. If you look at the graph alongside there were nearly 2 million loss in cable television subscriptions. Now, these 2 million, you might want to ask, are they the 2 million that move to free television? No, they have not. Free television grew its base but the 2 million of cable television that was lost was effectively because of reverse migration issues around disposable income and collection challenges. So, the people for example who had two TV sets or three TV sets they switched off the subscription for the second television, the third television, reverse migration that happened, there are hotels and institutions that chose not to extend. Hotels especially if you look at it in Andaman and Nicobar Islands, Darjeeling, Udaipur, Jodhpur, Jaipur, all the places which are popular tourist destinations are impacted. But against all of it the more difficult part was that the competition really picked up when there were those phases of lockdown being lifted and they discounted heavily to try to grab their customers back or try to grow their revenues. So, we've seen discounting in the industry by as much as 80% in the last one year.

On the other hand, due to extended lockdowns that were there, broadband saw an incredible increase in data and consumption across all sectors. Whether online education, segments such as digital social media which is all your apps that you see as well as gaming, etc., they increased. Demand for broadband went up in tier-2 and tier-3 cities. Very significant demand for broadband because work from home, online education, so there was about a 30% increase in time spent on educational apps in just April 2020 over Feb 2020 which of course went up even further and while there was a 265% increase in OTT traffic, remember the base is very small, so 265% is not significant when you look at the overall scheme of things and obviously order volume growth in terms of online purchases went up big time. So that was one of the key things. So, it's been a very difficult year for the media and entertainment sector. We looked at it as I promised you when we spoke the first time four quarters ago was that we will do our very best to accelerate our digital transformation and ensure that we stay ahead of the curve.

We continued taking a lot of initiatives in Q4 as well. I'm just sharing with you some of the graphs that went on and became very popular in the Q4 where we encouraged cable operators, we encouraged customers to kind of look at things differently. For example, we encourage people to improve their viewing experience by migrating to high definition and they were very happy to do that. We did this in a lot of markets using a QR code, we also created a Hungama package where customers who were on standard definition were upgraded to high definition. This was the cable operators effectively pay less and earn more with long duration recharges. We did a lot of innovative things across the board to be able to support and to be able to grow the business as part of the innovation matrix. As a result of which, we've got very-very significant coverage as well. You will be very proud about your company; we've had some great firsts to our credit, our broadband business was recognized as one of the fastest growing brands in 2021.

Ru Ediriwira, our Group CTO was listed as one of the Top 100 Wonder Woman Leaders in the Advertising, Media and Marketing space.

This year, we won the award for the “CEO of the Year” for the turnaround that we achieved. So, I'd like to thank all of you for that support that we have.

If you look at the business performance in Q4, as a result of that, what we did right that allowed us to end up the year so strong. Our subscriber base continued to grow. We were able to grow our business mainly if you look at it in the HITS space where we were looking at it, we were able to grow.

One of the critical things that reflects how strong the company's innovation has been is that our biggest subscriber base is in DAS III markets. In a pandemic affected year we were able to grow our (ARPUs) average revenue per user from 141 to 151. Mind you as I'm saying this is the most significant base, over 60%, 65% of our base comes from these markets. So, when you look at that, it is more than compensated for any reduction in ARPUs across other markets which were affected as a result of the pandemic and people taking lower packages.

Not just that, I think the most incredible performance in this year is attributed to our broadband business. When you look at it on YoY basis Q4 of this year over last year, we've grown by over 87% on subscriber base, that’s an incredible growth. Yes, we're seeing ARPUs coming down, but that happens because as a result of two things: One, the amount of usage went up. So, you had that many more players in the market as a result of the lockdown. And secondly, as we expanded into tier-2 and tier-3 markets, the ARPUs tend to soften up. So anyways that was more than compensated by the fact that we were able to grow our base by about 87% year-on-year and quarter-on-quarter by over 19%. In fact, just in the last quarter alone, our Broadband business added 100,000 subscribers. That is an incredible performance, and it reflects all the businesses that we have, our video business, our cable television business, HITS business, broadband business, the shopping, all of it came together to form a very strong platform in this year and grow the business.

In terms of net churn, I will put my hand on my heart and admit, it was a challenge. We weren't able to achieve what we would have liked to achieve in terms of net churn, but that was more than compensated by the same month's renewal. I'll explain the concept of same month renewal and on-time renewal. Two KPIs that we look at. The good thing was that improved in the quarter. That went from 91.3% to 92.6% and that in itself showed a very strong performance. So effectively the KPIs reflect the company focus on building a sustainable model.

Last year a lot of my colleagues, you all who are on the call today analysts and investors have this question that “You've turned around the corner, will you be able to sustain this growth model to FY'21?” And I think quarter-on-quarter we've proven that even against the challenge of the pandemic that was thrown at us we were able to do it. This is effectively represented in our revenues where if you look at just our revenues, we've been able to grow quarter-on-quarter by just under 7% and on YoY basis by over 22% in terms of revenues.

Not just that, in terms of EBITDA we've shown a very healthy growth of 8% QoQ and YoY has been an incredible performance as we've crossed over 150%.

I think one very important thing that I'd like to share with you is that we've continued to focus not just on growing the top line at a certain cost. We've looked at how also do we improve our profitability and that is reflected in our EBITDA margins which have improved from 11.1% for Q4 of last year to 24.3% which is even marginally better than Q3 of this year.

In terms of PAT, we maintained a very strong performance. It's a 30x improvement in terms of PAT that we've been able to achieve, showing a growth of 131% over last year and on a QoQ basis we've been able to perform very strongly.

Subscriber debtor days which again I've shared with you all in the past is a very important barometer because a lot of competition you will see will show revenue as accruals. For us it's all prepaid, it's all cash collection, it's all upfront. So the beauty is that even on that basis whatever nominal monies that we had to collect that would be there, was less than one day and less than 0.2% of the total revenue that we have.

If I look at the full year performance for FY'21 we were faced with the pandemic. We knew that we had to do something innovatively, we knew that we had to change the game, we knew that we had to look at our business. But one thing we were clear, we were never ever going to allow ourselves to sacrifice the health, safety and well-being of our teams at the altar of any profitability revenue. We work together as a team. We say listen, what is it that we can do differently to help the industry grow, to help our business grow and at the same time ensure that we keep our entire ecosystem all the way to our subscribers safe. So, what we did was we accelerated our transformation to all digital services company.

And how did we do it? We did four to five interesting things. We rolled out a digital work from home solutions package. What is it? It meant that customers could now get a single one window package that included television channels which included of course the critical news channels, value-added services like educational channels which became by the way very popular in rural India. We had a lot of education channels; we still do and high-speed internet that we provided to our customers.

Not only that we saw that there was a great opportunity for broadband. The idea was rather than chasing broadband mindlessly we had a very clear strategy of leveraging the broadband capability of the organization to optimally cater to the surge in demand. So, we went on an optimal basis rather than having to invest across the board and that saw us achieved a huge growth of 87% in the customer base alone.

Then when we looked at it, we also saw consumer demands were changing, consumer thought process was changing in terms of content. We worked with the broadcasters and our last mile partners and we were able to change content packages. We launched for example, the all-HD content packages, we had kids' content. Then in small town India and rural market question asked was "Sir, we can't really afford it, is there some kind of cheaper package that you can do?" Packages at the cable operator level went down to around Rs.40 literally. So just covered our managed service fee and it covered a paid content that we were doing, the rest all came from the fact that we wanted to ensure that our customers were never affected by the pandemic and that it is a matter of great pride that we've been able to do that.

And that was reflected in ensuring a strong business continuity plan. We wanted our staff to stay safe, we wanted our subscribers to stay safe. We launched a couple of initiatives like for example, 100% digital mode of payment. So, customers could pay our operators digitally and therefore in a contactless manner. Today, the best part is nearly 100% of our revenues come through this prepaid model and through this digital payment model. That reflects the kind of sustainability that we built for the future. And all of this was backed by the unstinting and tireless efforts of our teams. Our teams while they took all precautions wanted to ensure that children never lost their education, people who were working from home never lost connectivity, entertainment was always available to the home and more importantly everyone had the services that they would have in a normal circumstance. That clearly has really put us on the track to having a very strong performance in this year.

In terms of the subscriber base, we've been able to achieve a two-year CAGR of 18%, growth of 10% year-on-year. That is very significant in a year that has been affected by the pandemic and that only reflects our transformation into a digital technology services company.

If you look at ARPU, very significant growth from Rs.129 way back in FY'19 that we would be pegging at, today we're at Rs.151 which is significantly higher than the Rs.144 that we earned last year in terms of ARPUs during the happy year if I may call it so.

And then, of course, the hero of it all that we believe is our broadband business. As I just shared with you, we've seen a significant growth, 87% growth in terms of the subscriber base year-on-year and a two-year CAGR of 75%. So, all the cylinders, all the levers in the business that we had, all came together as one energize ship to be able to deliver.

And while we looked at revenues and we looked at KPIs we also looked at how are we controlling our back end. And there too I'm very happy ladies and gentlemen to share with you, even our broadband cost, our subscriber acquisition cost, which at one point in time was over Rs.2,000 in FY'19. If you look at it, it's better than even the industry average by a long shot; we're down to about Rs.1,149 subscriber acquisition cost in FY'21. So that is a matter of great pride for us.

Same thing in terms of our same month's renewal and our On-time renewal. Same month's renewal, we had a challenge during the year, but we more than compensated it with our On-time renewal. So, there was a very strong balance that we had.

The only place where it's a personal thing for me that we weren't able to achieve our target was the 90-day period, it kind of dragged on longer than that. But, yes, I know it's less than 0.2 percentage points but as a company when we set ourselves very high standards of performance and very high KPIs, we feel that we should have done better on that front.

But irrespective, the transformation into a digital services company reflects how we've leveraged our product portfolio across group companies and again this is reflected in our financial performance. So, we've been able to do it and focus on our digital transformation. If you look at revenues, we have maintained our top line of our core business. There is this nominal drop of about Rs.30 crores on a year-on-year basis which is nothing but attributed to the low margin volume trading business.

Amar, if I can request you to explain about the trading business because clearly our core businesses kept on growing, it's the trading business, non-core business which contributed to that particular revenue piece, right.

Amar Chintopanth: One of the subsidiaries has got a trading business. It's not an online trading business, it's a teleshopping trading business and it's a low margin business, it really doesn't contribute much to our bottom line, but it is something which we would like to be present in because that gives us a connect to our consumers. So, it's a low margin business where we'll probably earn about 1% to 1.5%. That business took a beating during the pandemic. And consciously also because we did not want people going around delivering those goods anything like that. That business actually dropped down by about Rs.40 crores that is what we see and therefore, it's not impacted our profits in any way, it's just impacted our top line and cost also correspondingly come down.

Vynsley Fernandes: Thanks, Amar. The fact that it doesn't contribute significantly is reflected in the EBITDA where we've been able to grow our EBITDA year-on-year. Again, I repeat in a challenging period of

COVID when the entire performance of the industry was challenged, we were able to maintain the turnaround that we achieved last year, and we were able to grow our EBITDA again by about 6.18% year-on-year.

The other thing was we didn't sacrifice performance, we didn't sacrifice profitability at the altar of growth or the altar of wanting to grow our revenues radically. We focused on our business like a strong digital team saying, listen, we know our business best, let's focus on the key areas. I think that's reflected in the fact that we were able to achieve or improve our EBITDA margins in this year from 21% last year to 23% this year. Even in terms of the profitability we've been able to have a stable profitability aspect, which again reflects very strongly in the fact that the team was able to maintain the stability against the challenges that we saw.

So, just summarizing it, the overall performance of your organization has stayed very robust. We've been terrified by reports that have come in where the Indian media and entertainment industry has seen a degrowth of as much as 24%, subscription has dropped down by 7%. Against this challenge, we've been able to grow our revenues at a strong note. If you look at Q4 FY'21, we've registered a year-on-year growth of about 22% in terms of revenue and in terms of EBITDA, 167% growth. That reflects the fact that the company has very clear focus on what its product portfolio should be, what its digital transformation should be.

Broadband as I said played a very-very pivotal role with an 87% growth in subscriber base. It will continue to be a significant part of our business going forward.

All in all, while our core businesses remain stable throughout the year and our revenues remain stable, our EBITDA for the year saw a growth in FY'21 over FY'20 as I mentioned of 6.18%. So that ladies and gentlemen and friends is the performance.

Now I'll go on into the next slide which is very important and take questions at the end is what is the growth drivers for FY'22? Where do we go from here? We've leveraged our business, we've been able to work out our teams, and we’ve been able to integrate our businesses. I think there's a great opportunity ahead for television.

A lot of people in the past have been unkind and mentioned that television is not growing. I say truth lies in the data somewhere and television is expected to grow and to its 2019 levels and it's expected to go back in 2021. The fundamentals of television remain very robust and if you look at it everyone spoke about OTT, OTT has not impacted television as much as people thought and that is evidence in the data. During the lockdown we've actually seen general entertainment channels, news channels, we've seen their viewership actually improve and increase.

India still remains underpenetrated. There is no question about that. We're talking about there is a gap still of anywhere between 40 million households to 60 million households and I'm not talking about households below the poverty line, I'm talking about 40 million to 60 million households which will make the transition into television and will make the transition into digital. So that is bound to happen.

If you look at the EY report, TV subscriptions will continue to grow. The prediction this report came out in March is that pay television which is cable, DTH and HITS is expected to continue to grow between 2020 and 2025. There's one more segment here which I'm sure all of you all as sharp as analysts must have picked up, is the connected TV, bi-directional TV. This is the other opportunity for companies like NXTDIGITAL where we have a digital solution service and are able to leverage that opportunity. So that's another great thing.

I also looked at the Media Partners Asia report. When you look at the rest of the world India's paid television sector remains a high growth outlier amongst major markets. If you look at the growth just in the next five years, the $6.7 billion that will be added, that will be India's contribution of growth in terms of video revenues across the Asia Pacific region. Interestingly 53% will be attributed to television and 47% to the non-television, non-linear digital streaming services. So very happy that is a great opportunity for us.

Similarly, in terms of broadband, very interesting, even though broadband grew significantly and if you look at this TRAI report that was issued in January 2021, even today wired internet subscribers in the country is only around the 20 million mark. We believe that is the kind of opportunity we have because we have our own video base, our own cable television base, our own HITS base. How much do we further grow our base through integrated product offerings of broadband and video? So, this is a great opportunity that we see because penetration is still less than 8%. 90% percent of the subscribers are still on copper, so that is the other opportunity that is there. We believe that there is tremendous amount of traction in terms of how the business grows.

I'm sure a lot of you must be asking this question “What are your key growth drivers?” This is a great motherhood statement that we will grow in broadband, we will grow in the video side but what is our focus. One of the key drivers will be our newly launched platform as a service offering PaaS or Infrastructure sharing. As most of you know we received our permission from the Ministry of Information and Broadcasting on April 14th and we're very grateful to the ministry for considering it because it will now follow like the telecom tower sharing model of the late 2000s. We'll now see instead of tower sharing; we're now going to see satellite sharing. NXTDIGITAL is the only company just for your information that has received the permission to do so and is the only one that can actually provide it to other multi-system operators. While we had estimated about 69 million being the universe, we wanted to be a little cautious of it and we believe that 60 million is the kind of opportunity that we are looking at and as NXTDIGITAL, we've seen already the benefits.

This is a game changer, ladies and gentlemen. Why is it a game changer? Two conventional competitors who have been fighting with each other across the country in terms of ground base, etc., have come together to share infrastructure. When that happens, all the other multi-system operators are going to say, why can't I leverage the opportunity and why would they do it? They do it for a couple of reasons: One is that they could reduce their connectivity cost which by the way is the biggest cost head today after content. One is they could reduce their connectivity cost by as much as 50%. That is significant. Number two, they don't have to invest in technology going forward in terms of expanding their offering. Take an MSO, let's say, I'll give you an example, Chhattisgarh, he's set up head ends, he's set up everything but he's delivering 400 television channels to his customer. If he chooses to use our infrastructure sharing model or a PaaS model that we have, number one, he reduces his connectivity costs by up to 50%. Number two, from suddenly 400 channels that he's giving his customers, he can now give them 700 channels because he gets full access to our spectrum and number three, his quality of service improves because there are no longer fiber cuts, etc., because this is satellite delivery service. So, the kind of potential opportunity that we have in this business model is incredible to grow the base. We believe that it's not just the reduction of costs or costs per subscriber that will go down, but more importantly the MSOs are also realizing that here's a model that all we're doing we remain independent, we're not selling out to a NXTDIGITAL PaaS platform. We're completely independent. We're running our business independently. We're continuing the way we work. We have our own back-end systems, our own set box, everything, all we're doing is we are sharing NXTDIGITAL's HITS satellite delivery service to deliver our signals seamlessly to customers.

So, if you look at it, it's an incredible win-win situation for NXTDIGITAL. What is our view on this business? Our view is very simple. The capacity has been set up to support millions and millions of customers. It's like saying that there is a satellite up in the sky which has 700 channels and even up to 60 million customers can be serviced. So, there is no further investments from NXTDIGITAL side. We don't have to invest in capital expenditure, we don't have to increase our operating expenses. All we're doing is the assets that we have invested in, namely our HITS infrastructure. We're now sweating those assets by allowing others to use the infrastructure which already exists up on the sky. So very happy that this model and we're very grateful to the Ministry of Information and Broadcasting especially in a pandemic year where they understand that it's important for MSOs to look at reducing costs and we're very grateful to Siti networks, our anchor customer for having the faith that by working together we have nothing to lose and everything to gain. It's a very proud moment for us as an organization. By the way, we're talking to other MSOs and we'll inform you and the media as and when we sign those agreements, but they're all in advanced stages because there is now comfort that if they can do it, why can't we. So, we're very proud that there are others who are approaching us. So, this is the first big driver that we believe.

And our first announcement that I wanted to share with you. We've got tremendous amount of coverage… your company has got coverage right across the board in terms of this because it's seen as an industry first packed for infrastructure sharing. So, we're very happy that this is going to set the groundwork for the future.

In addition to that, we've got clearly six drivers for our business model. The first is we are looking to expand our presence. Currently our footprint is 1,500 cities in India. Our idea is how do we leverage smaller towns and markets where cable operators can't necessarily invest in this cable operator premise equipment (COPE). So, we are looking at setting up 100 owned and operated points of presence. It's not a significant investment. It's the best part because most of it is already at the back end already invested. But we're looking at expanding our footprint to over 100 new markets, if you look at markets anywhere between 3 000 to 4 000 customers for those markets, we're very keen on seeing how that model shapes up. We've already put in place a project management team. There's a lot of work that's done and this model of 100 COPE plan will not just increase our footprint, but it will also eliminate the cable operator's investment in COPE. So, from our side it's not putting in a full Head-end. All we're doing is putting in a point of presence like a plug-and-play saying here it's like an ATM in your town, it doesn't matter which multi-system operator or cable operator you are, all you need to do is come into that ATM, plug it in and take your connection. So, this is the model that we are rolling out. We will focus on new markets and subscribers through new products. We are in the process of rolling out a very strong hybrid set-top box with an OTT platform. Some of you who are on the call have actually seen it being tested in play and we hope to roll that out shortly.

Infrastructure sharing, I just shared with you. The potential is over 60 million customers. We are looking at leveraging that and stand by as they say for exciting announcements in that space.

We are looking to grow our broadband base. We've seen incredible traction that we've been able to achieve over the last one year. We've seen how our video business and our broadband business is strongly integrated and we believe that it will work beautifully. We will look at also growing SAP. SAP is a strategic alliance partner where we partnered with smaller operators to help them grow their models and grow their businesses. So, there's a lot of unique innovative thinking that we've done in this last year.

Another thing that we have is our enterprise business. We believe that the future is going to be single window solutions. So, imagine going to a customer and saying, here's a complete buffet of services rather than you having to deal with multiple vendors, multiple solution providers, you don't need to go to a different person for video, a different person for broadband, a different person for fiber connectivity, a different person for CCTV, a different person for IOT devices. Here's "NXTDIGITAL" who will bring all those partners to a common table and be able to offer the solution and stand in front and take the responsibility for it either on a wet lease model or a dry lease model. Again, we've hired a head of enterprise business unit. We've been working very hard on building up the team. We hope to see traction on this soon.

The last driver is something that we're working on which is new initiatives. We saw during the pandemic one important issue and I want to share with you. It's a great feeling looking at it. We saw that while delivery of products and solutions were easy in tier-1 and tier-2 markets, we saw the tier-3 and tier-4 markets faced a challenge of even basic essential stuff probably reaching them. So, we want to work. We've got 10,000 cable operators in the most rural markets going and the most far-flung markets including Andaman & Nicobar, far Northeast of India, Lakshadweep, Kargil, Ladakh. We're very proud of those areas.

The idea is “Can we use them to actually become the delivery agent for essential products and solutions and services?” And we're already looking at developing that market. The other thing which is something that I don't want to talk about too much now because we're still working on is leveraging the content business into a separate strong vertical for monetization. We've got multiple content assets. As you all know, we own the rights to over 500 films, we've got television serials that we made in the past. We've got all of that in place. But the one thing that we've not done is leverage it in terms of monetization. Again, we're in the process of hiring a digital head of content who will work on this.

What is our vision for FY'22? Where do we go from here? There are five key things that we believe will be important play for us. The first as I mentioned to you our service customer base. The beauty is that all we need to do now. The infrastructure is invested in, the facility is there, the satellite services is there, our broadcast centers are there. Without having to invest a single rupee, all we need to do is bring MSOs to our platform, charge a fee income; they go live, for them they reduce their cost of operations, for us we earn a fee income. Opportunity? Over 60 million homes. What are we looking at? Over the next few years, we would certainly like to look at providing this PaaS service to competitors to peers, to others and we'd like to have a sizable market of about 30 million serviced homes over the next few years.

Second thing is as I just shared with you, our core business we've got a very clear strategy for that. Someone asked me last year, “What is the strategy?” and I said, I want you all to remember that what we promised last year, has been evidenced in FY'21. We have been able to grow our core business and the 100 COPE project as I mentioned to you, if you look at it, our HITS business and our Broadband business, working is one, will look at making inroads into these 100 new markets more than that actually but it will look at proliferating newer geographies. That is the second big vision pillar that we have for this year.

The third thing is improving top lines and margins. Again, interestingly as I said to you, every revenue rupee that we earn from our platform as a service model goes straight to our bottom line. The unit economics are very simple. We've invested in the hardware and infrastructure; we've invested in all the satellite infrastructure. It's now time to sweat the assets that we've invested in. Every customer that comes onto the platform, everything that we earn, goes straight to our bottom line. Are there any investments? There are no investments in capital expenditure or in operating expenditure. All they do is it's like an ATM, someone plugs in, takes the service.

Innovation as I mentioned, we are looking at new digital solutions that we have and why we're doing all of these business initiatives? The important thing as an organization is of course growth that's wonderful, improving bottom lines wonderful, we need to do that, but I think as a company we also worked in the last one year as we promised you last year, we're also going to work on the fundamentals and the capital structuring of the company. There is something as an organization we have never lost sight of. We have had initiatives over the last year and we have plans for the future and for that I'm going to request Amar to spend five minutes on that, and to also mention about the dividend aspects for the year or any other financial aspects that you think relevant.

Amar Chintopanth: Sure, thanks. If you'll recall when we started off these presentations in the last year, in October of last year one of the questions which came in is "The debt on the balance sheet is very high, what are you going to do about it?" So, we had said that we are working on two solutions; one is an asset sell-off to sort of realize money out of assets which were not giving us any income, use that money to pay off debt. And second one was the capital raising. So in October of last year, we had even set up a committee to look at various options. And even from the investor community there were many suggestions which came in. Maybe you have to look at M&A, maybe you have to look at a strategic investor, and maybe you have to look at a rights issue. Various suggestions also came in.

So, the first step we did was on 30th of October of last year we sold about 100 crores of shares of Hinduja Leyland Finance which we had. That money was entirely used to repay debt. So that was the first step that we took.

The second step we are taking now is the rights issue. The rights issue size is roughly about Rs.300 crores as you may all have read. So why this rights issue? Today if you look at our debt-to-equity, so net worth is roughly Rs.250 crores and our debt is about Rs.950 crores. So, this translates to about 3.8.

What does this rights issue do? The rights issue straight away reduces our debt because we would like to use the money to sort of rationalize the debt that we have. But even if you take the full amount, so on an arithmetical basis also, the Rs.950 crores will actually come down to Rs.650 crores and the net worth will go up from Rs.250 crores to Rs.550 crores. So, over a very short period, we are able to sort of bring down the debt-equity from a 3.8 to 1.18, which itself is a significant thing. Not only does it bring the debt-equity down, it will also even save us about Rs.30 crores of interest outflow per annum because even if you take an average cost of 10%, we're talking about Rs.30 crores interest outflow during the year. So, this is the second step.

The third step that we would like to do for which we have been thinking is the land assets that we have. These are not productive. We are a media company. We do not need real estate assets. So, what we are carrying in our books is Rs.37 crores, today the values of about Rs.250 crores. That probably would be the last leg of the balance sheet restructuring exercise that one would go and if we take this to raise about 200 to 250 crores, that again will go to sort of rationalize our debt. So, it will be sub-1 at that point in time. What does the sub-1 help us? It definitely helps us to sort of bring debt-to-equity at a level where it actually is giving us a platform for future investment for growth, right.

So that's where we are today and I'm glad that we have been able to show progress about whatever we had committed in the past we've been able to show you the progress.

Vynsley Fernandes: Thank you, Amar, very much. Amar made one point I want to just touch upon it before I go into questions-and-answers. I think the fundamental for any organization is good governance and a strong plan. I think the idea is that we made certain commitments and certain information that we shared with you. We've done our darndest best to do it as Amar pointed out we've already taken steps to that effect and that reflects I think the fact that we want this organization to complete its transformation not just to a completely digital services platform or a digital technology company but also grow in stature as an organization. So, we're very proud that we've been able to build in those benchmarks that as I say sometimes separate the men from the boys.

So, thank you very much for hearing me patiently Bhanu and Snighter if with your permission can we proceed to the next stage which is the question-and-answer.

Bhanu Vazirani: Thank you, Vynsley sir, thank you, Amar sir for the insight. We would now take questions. We will start with Ms. Urvi. I would request Ms. Urvi to introduce herself with her name and company name then ask the question.

Urvi Jha: Hi. My name is Urvi Jha. Congratulations on your result and the press note for the tie up with the Siti Cable for sharing of the infrastructure. So, I had follow-up questions on that what will be the revenue model that we will generate that will be for sharing of this infrastructure?

Vynsley Fernandes: First of all, we appreciate your words and sentiments, thanks to things like that that make us feel good that the efforts are all worth it. Amar, would you like to talk broadly?

Amar Chintopanth: There are two, three models, but since you've asked the question about Siti, we can restrict it to the Siti, so this will basically be charged as an amount for per subscriber of Siti, so we will have a complete track of how many subscribers have sort of moved from the existing traditional base to HITS base. So, for each of the subscribers that connected to us and to whom the signals are provided, we charge a per subscriber rate to Siti. This is not match with what rates we get from a full content provision because this is a pure infrastructure sharing, so these rates vary from volume of subscribers that we get and in the initial period some people we may charge higher and as the volumes increase, the rate will go lower. So, coming back to your question on the revenue model, the revenue model is a rate per subscriber that migrates on to a platform.

Urvi Jha: Sir, are we in talks with any of these bigger players like Hathway or Den for this infrastructure sharing? You elaborated that with Siti, it is per subscriber base. But you said there are a couple of options. So, what are those options?

Amar Chintopanth: We have not restricted to say that you've got to have x millions of subscribers, we are even looking at providing to players with 50,000, 100,000 base, so in which case we put a minimum amount, so we said you have to give us a minimum amount and then if your subscriber base grows… many times it may not grow, see because digitization has reached a stage where organic growth goes slower than it used to in the past because they may lose subscribers, lets will say somebody's got a 50,000 base and I put per subscriber rate. Then if the subscribers come down, one may end up losing. So, there we put a minimum rate. The other model that we have is the fixed charge. Sometimes what they say is they come back and say this is our cost, can you reduce our cost? Let's say somebody comes back and says my cost was Rs.1 crore. So he says can you reduce our cost? We work out and say okay, if your cost is Rs.1 crore, it will benefit to you only if you bring it down by say 30% so we fix it based on that. So, these are the different models which we have been working on because the industry itself is different; there are different kind of MSO, different kind of revenue models and things like that. So, these are the different structures that we have put in.

Urvi Jha: So, are you in talks with any other operator for infrastructure sharing if you can share details?

Vynsley Fernandes: We are in talks. We are unfortunately bound by the non-disclosure agreements that we have with them because it's not just the larger players, not just the pan-India players but it's also smaller players as well. Siti Networks as you know is one of the biggest players in the top five as well and we're in talks with others, we would be making some announcements soon, it's in the last stages. Also, just to tell you, the way it works is that it's not just discussion, there's a lot of technical testing that also happens to ensure that there is a sync everything works perfectly, the back end works perfectly. So, we do a lot of technical testing. So, a lot of that is currently going on with nearly four players even as we speak.

Bhanu Vazirani: The next question is from Mr. Manoj Alimchandani.

Manoj: Two points; one is you talked about a tie up with the Zee group company and also you said with others talks are in negotiations, I also saw your interview on the ET Now, which was actually not very clear but I would like to know very clearly, what is the impact of such a deal, is it a material impact that means about 5% impact on top line and EBITDA or is it a significant impact maybe 10, 20, 25% on top line or EBITDA or it is insignificant, just a marketing gimmick announcement from that PR angle, how do we look at it?

Amar Chintopanth: The thing is while it may or may not have a material impact on revenue, it certainly will have a material impact on EBITDA. Why would I say that let's assume that Rs.1,000 crores is the revenue and let's assume that somebody gives us a business which gives us a 20 crores revenue per annum. So, 20 crores revenue per annum on Rs.1,000 crores is 2%, but the Rs.20 crores is a straight addition to our EBITDA. So, if you have a 200 crores EBITDA on Rs.1,000 crores revenue, and you get a Rs.20 crores revenue, while the Rs.20 crores revenue is just 2% of your revenue, it's a 10% of your EBITDA. So material or non-material is more particular with respect to EBITDA than probably on the top line.

Manoj: No significant incremental cost to this, correct, having operating leverage, correct?

Vynsley Fernandes: Let me take Amar's model a little further. Assume there's just 1 million customers that sign on, 1 million customers into Rs.10 that's Rs.10 per subscriber per month, that's Rs.10 million, that's Rs.12 crores just from 1 million subscribers. Where does that 12 crores go, Manoj? The Rs.12 crores sits straight at the bottom line because there's no investment that NXTDIGITAL has to make either on the satellite capacity, on the technology, on the operations, nothing. We have the leverage of negotiating everything north of Re.1 paise as a good deal. So, for us with the way we negotiate, and Amar made a point very often one of the potential customers in fact has come to us where he is saying don't work on a model of per subscriber basis, here's my cost I'm spending Rs.12 crores a year on connectivity, how can you help me, can you reduce my connectivity cost by 50% That's where the 50% comes in. Now, it's up to us to do a back calculation and say, listen, 50% means Rs.6 crores this is customer base of 1 million or whatever. This is what it works out per customer per month. For us, it's not really a cost for sub that we have. So, for us it becomes a back calculation. So, we look at the revenue as flowing directly to our bottom line in this business which is why it makes this announcement very significant because just imagine a 5 million base, a 5 million base at even Rs.5, that's Rs.2.5 crores a month from one single customer, Now multiplying that by 2x, by 3x, by 5x in terms of customers why is it a win-win? Because while NXTDIGITAL is earning a fee income from sweating its asset why would that the MSO want to join us? The MSO would want to join us because his connectivity cost which currently is Rs.18 or 20 per customer per month, he's negotiating with me for Rs.9 per customer per month, so there's a savings of up to 50% for him. So, it becomes a win-win for both. There's a saving for the platform customer and there's a great earning for me. But for me every rupee I earn north of 1 paise goes straight to the bottom line because there is no investment that I need to make in the infrastructure that we built which is why the terminology and which is why the Ministry of Information and Broadcasting refers to it of sharing the existing infrastructure of the platform. We are the only ones today in the country to receive the permission for that. We got our permission on April 14th just a month ago actually to take. We signed on with Siti Networks who's a very progressive company. They believe that it's great for two competitors to work together. We've been able to work out a strong model with them. Similarly, there are other such MSOs who are coming forward now saying because suddenly they realize like the telecom business that I can share towers, if I'm able to share mobile towers, why can't I share this infrastructure. I'm going to the same markets; I have the same channels. In fact, the number of channels are increasing if I partner with NXTDIGITAL. So, overall, this PaaS model is going to see major traction over the next three or four quarters and beyond I'm talking about three or four quarters because in view of the fact that we've got our approval last month.

Manoj: Mr. Fernandes and Amar, the way are articulating now, I don't know how many channels you have gone across possibly the CNBC and others also, so the way if you articulated now and Amar mentioned about operating leverage, clear impact is significant that should come across because that is not coming across now, this means it's a major, major strategy going forward, one of the deals and if there are no incremental cost and then it can change your business model which we need to understand more deeply which I think you are saying we can have a physical meeting within a week, correct?

Vynsley Fernandes: Absolutely, I'm happy to do that, I've always been happy to have meetings because it's nice like this, like you said, very often sometimes on a phone call or whatever we're not able to articulate.

Vynsley Fernandes: Thank you very much.

Bhanu Vazirani: We have Mr. Dixit Doshi from Whitestone Financial Advisors

Dixit Doshi: Thanks for the presentation. Firstly, just a clarification. So, you articulated it quite nicely with the deal with Siti. You mentioned that it will be a per subscriber per month kind of fee, but can you mention how much it would be? And also, you mentioned that the connectivity cost of the MSO will come down to half, if not the deal with the Siti, can you comment on how much would be the connectivity cost as of now for any MSO per subscriber per month kind of matrix?

Vynsley Fernandes: So, I'll deal with the second half of the question, the first half I'll leave to Amar, my conscience to share that. Mr.Doshi, let me give you a specific example of a connectivity. So, there is a location called Narela, which is a few kilometers away out of Delhi. Now to deliver, that particular MSO has 3,000 customers there, but those 3,000 customers have a choice of multiple channels, someone has high definition, you can't decide which customer, which package, it's dependent on the customers. As far as you are concerned as an MSO, you have to provide a fat pipe to Narela. So, the cost of the fat pipe, you also need a redundancy, works out to about 36 lakhs a year. Now, if you look at 36 lakhs a year and you divide it by the number of customers that you have there, your connectivity cost per subscriber, per month after you adjust everything, works out to Rs.17 per subscriber per month, that is how the connectivity cost comes in and you have to keep those pipes, if the number of channels increase, you may need to increase the size of the pipe, number one. Number two, your connectivity gets affected because whenever there is metro work happening or whenever there is any kind of infrastructure work, it tends to affect the connectivity. Now look at the fact that you as an MSO decide to move to NXTDIGITAL. You move to NXTDIGITAL what happens? NXTDIGITAL says to you, listen, you don't have to worry, you switch off those two fibers that you have connecting, switch off the terrestrial links to Narela, all you need to do is put this refrigerator size equipment in Narela, you put it in there and suddenly as against 600 channels of 500, they're now delivering 750 channels through satellite. What do I have in my operational leverage to negotiate? I say I look at it and I know what his connectivity cost was. And I said, okay, listen, he was at Rs.17 in Narela, listen he's happy to reduce it by 10%, 20%, 30%, 40%, so I can set up any price south of that or north of one paise. So, I can do a deal and say listen I can do it for Rs.10, I can do it for Rs.11, I can do it for Rs.15, I can do it for four. It's the size and scale and volume of the business and the potential of the relationship and engagement that will define the pricing structure because there is no cost unit economics attributed to it on the basis of which I need to set a particular MRP. I don't need to do that because I'm sweating an existing asset to Mr. Dixit, right. So, everything I do, I can set a price point basis that so that's why Amar was explaining to Urvi, it could be different models, it could be a new MSO looking to launch in India and saying listen, can I partner with you, can I use your infrastructure to go to markets and here's the deal whatever revenue I earn, I'll do a 60:40 with you. That could be one of the models. I don't think we're closed in our mind. It could be someone coming into India saying listen, I've got to deliver x amount of services across there. Can I ride on your infrastructure that you have your satellite infrastructure, can I deliver these channels to those markets? So, it puts a different spin on infrastructure sharing and I completely get the reason why it's a difficult understanding for everyone right now as Manoj rightly pointed out, sometimes I'm so close to the forest, I don't see the wood for the trees. The fact is I like to kind of mention it as either an ATM that everyone can share the resources, everyone can go and withdraw money from multiple banks or the telecom tower model where multiple telcos can share the tower in a particular location, no one has to put in one tower and another tower the side of it the third tower and a fourth tower. So that reduces MSOs costs, improves the quality of service and more importantly allows a strong relationship in the industry going forward to be leveraged for growth. And Amar, would you like to talk about other question?

Amar Chintopanth: The commercials actually these are confidential matters between parties. So, I don't think it would be right on our part. Revenue model anyway has been explained by Vynsley.

Dixit Doshi: Is it fair to assume considering this Narela location as an example the more the density the connectivity cost would be lower for MSO? So we have a very good right to win in a smaller town and smaller cities where the MSO would be catering to lower number of subscribers?

Vynsley Fernandes: Doshi, it's perfect which is why when I actually rework my estimates from 69 million if you recall because I had a clear vision of 69 million and then I realized there was certain pockets that didn't really work for it right. Because 60 million is multi-system operators or connected homes outside of tier-1 and probably tier-2 cities, right, the moment you go into tier-3. Don't forget, rural India alone is about 109 million television households. So, when you take away free dish and others or DTH then you're left with a sizable base. So, your logic is absolutely spot on Mr. Doshi.

Dixit Doshi: Now, couple of more questions. One is you mentioned rightly Mr. Amar, about the treasury. So, I think we will be reaping debt through this rights issue and you mentioned that we have a 250 crores land bank. So apart from that is there any shares of IndusInd Bank or any other treasury left?

Amar Chintopanth: We exited everything and even in a balance sheet if you see whatever was left was classified as a held for sale and those also, we disposed off, so there's really nothing.

Dixit Doshi: What would be the area of this land and location?

Amar Chintopanth: So, land is in Bangalore and Hyderabad and roughly about 50 acres in Bangalore and about 10 acres in Hyderabad. These are prime locations, and these were all bought long time back that's how the appreciation comes.

Dixit Doshi: Now in terms of this HITS platform, so you mentioned that we have done a lot of CAPEX for this setup about this infra and now we will be getting the benefit of this. Can you give a rough number that in the history how much we would have done the CAPEX for setting up this this infra?

Amar Chintopanth: The total project cost was about 400 crores. This was in 2014-15. A lot of it has got recovered also with the existing business.

Dixit Doshi: In a broadband if I see our ARPU has come down and it's around Rs.270. Now I understand that more and more the people will be used to the OTT platforms or more of a working from home environment. You have an unlimited plan, for maximum operator it comes around Rs.400 to Rs.600 kind of plan. So do you see that this Rs.272 ARPU can eventually go up because more people would want to have an unlimited plan rather than lower plan?

Vynsley Fernandes: You're absolutely right there Mr. Doshi. The reason what you're looking at the ARPU is that our focus is not just on the cities, we're also looking at tier two, tier three and tier four markets. Which are the markets? We're looking at places like Udaipur, where we have a presence, Nagpur, Baramati, etc., So when you look at moving into those markets, your ARPUs tend to take I won't say hit but there is a softening of ARPUs and they are not unlimited plans, those are limited plans. So, this what you're looking at is in fact a blended rate structure. So we will see ARPUs growing. We're not concerned because when you move into tier-two, it's like our video ARPUs, you live in the city here, Mr. Doshi, you will probably want HD channels and you will want all the star sports channels, but someone in rural markets may take just one sports channel, may take Star Sports Hindi only and not take the other three. So, the ARPUs will be lower. So similarly, my NXTDIGITAL if you see when I put up the ARPUs, there are ARPUs in different DAS markets, but in broadband we don't look at different DAS markets, we look at a blended ARPU across the base. So, our base has significantly grown but to accommodate our expansion into markets that are not necessarily prime markets, that's why we've seen a softening of the ARPUs, but you're absolutely right, we're seeing a strong transition to people wanting unlimited plans, we're seeing a transition to people wanting to improve their speeds. And as I pointed out to you that's going to be one of the growth drivers, don't forget, barely 2.9 million homes today are still on fiber-to-the-home. So, there's that kind of potential and opportunity to take it further.

Mr. Pankaj, thank you very much for your question. I am just looking at what you sent. I hope I was able to explain myself on the ARPUs, right. Can I go on to your next question then which was the company overall performance was backed by broadband and how we are looking at broadband growing? Broadband has always been the mainstay of our business. We don't look at broadband as a separate company nor do we look at it as a separate vertical, we look at it only in terms of having a team there for statutory and other reasons. Otherwise, the business of NXTDIGITAL is to be a strong digital services provider. So, what forms the pillars for digital services? Video definitely, data, then there's of course voice which we're not necessarily into and other services like value-added services and other products that we offer in terms of our content like shopping channels, etc., All of those are part of our digital services platform. We are looking at leveraging the opportunity the fact that we have a strong video base, the strong HITS base space, how do we ensure…because don't forget there's still a gap, we're at over 5 million in terms of video but our broadband base stands at over 600,000 today. So, how do we kind of narrow that gap? So, to answer your question, yes, we will look at that remaining and continuing to be a mainstay as we like that gap to get smaller as the joint ARPUs are obviously as I sum of a video plus broadband is much higher than the individual parts. So, we're hoping to keep on driving that model. We also have another model that I shared with you which was the 100 COPE plan where we're expanding into newer geographies, newer markets. Again, there we're not going in with a video offering, we're going in with the NXTDIGITAL offering of solutions and services, so there's video, there's broadband and there's other services that we're looking to offer there. So, it's a complete integrated model that we're looking to grow.

Ranga Prasad: I have a few questions. Some of them I think have already been answered. But If you could go through them?

Vynsley Fernandes: Amar, I'll read it out from sir. Amar, on the rights issue, so you may want to explain that whole process?

Amar Chintopanth: Yeah, the question is in order to raise capital why was the rights issue preferred over a strategic investor. So, rights issue does not preclude us from getting the strategic investments like what you have said in your question itself. So that can happen at any point in time, and one obviously has to be careful as to what is the kind of investor you get. And rights issue definitely doesn't preclude us from getting a strategic investor at the right time. So that would probably answer your first question. Then the amount about the financial position of Siti Cable. We take your advice Sir.

Vynsley Fernandes: We're working as far as possible on a strong model that eventually gets kind of integrated into a prepaid model in line with our own business. So, we take your point and much appreciated, sir.

Ranga Prasad: Then you mentioned about the market size, the shared infrastructure is 60 million. What is the target number?

Vynsley Fernandes: I shared that sir that over a period of time we're looking at obviously over a long horizon is 30 million. Right now, we're already talking to several players. While the players may have an individual size, how many of their constituent customers will move to this platform is what we're working on. I promise you sir, as soon as we have the information, we will release it but for right now we've kind of kept it and on projections of this endeavor, did we get any revenue from this in Q4? A very small model we've been running sir for so long because what the Ministry of Information and Broadcasting came out with the approval Mr. Prasad was only on April 14th, so it was literally the end of the quarter. So, we believe we'll see traction in this quarter and the most significant traction of course the next quarter because during these quarters, all the testing, the migration, and the entire back-end processes that are happening, so all of that is currently undergoing.

Amar Chintopanth: The rights issue proceeds will be going through a service mode, right, past debt and this year we have roughly about Rs.66 crores to repay and we will be using almost entirely for correcting our debt because our operations is self-sustaining, so we don't need money for our working capital or operations, that is self-sustaining, this is more a capital structure. As far as item number five, 330 lakhs, I will just give you a small example sir. There are subsidiaries in whom we hold say 51% or 60%. When we consolidate accounting guide and say let's say that subsidiary has made Rs.100 profit. So, we actually add Rs.100 to our profit first, out of that whatever relates to the share of that other partner we reduce. So, in this case for example Rs.100 is coming in and that partner owns 39% stake, Rs.39 is removed, that is termed as non-controlling interest, which means they are non-controlling people of the organization, so this pertains to their share, that's what we remove. And that's a combination, there are various subsidiaries which we have, somewhere we have got the 71%, somewhere about 51% so that goes company-by-company and that's what we take off and that's as per the accounting standards.

Ranga Prasad: When do you expect rights issue to commence?

Amar Chintopanth: We would like to have finish it tomorrow but regulatory issues everything are there which we have to do step-by-step, so it will take its course, but it will not take too long sir, that much we can assure you.

Ranga Prasad: You are aware that main parts of the country are going through lockdown, for example Hyderabad there's a 10-day lockdown and we might go for another 10-day lockdown, then we have a lockdown it is difficult to conduct much financial processes**.** So please keep that in mind and make sure that adequate time is given.

Amar Chintopanth: It's a good point. We'll keep in mind.

Vynsley Fernandes: Both the points that sir has made, we need to make sure that we have that.

Prem Thakkar: I am Prem Thakkar from ETS Services. So, you have very elaborately explained about this new PaaS platform. I just wanted to understand the costing for these 60 million MSO guys. Now I understand for the Siti deal you cannot really disclose the exact thing, but like you explained Rs.17 for one of the guys, what would be the broad range for let's say someone like a Siti or Hathway on a per subscriber basis, would it be as low as Rs.3 to Rs.4 to as high as Rs.17, Rs.18. I am sure you would have some idea about on an average the cost for these guys. So, if you have done some study it can help us understand our addressable market for this particular segment?

Vynsley Fernandes: Sure, so let me put it slightly differently to you. It all depends on market-to-market and base-to-base the price would be different. So, for example, if you look at a particular MSO in Chhattisgarh for instance which is connecting raw terrain the pricing for their connectivity or cost per subscriber in terms of connectivity could go as high to Rs.75, could go as high to Rs.80 depending on how much of connectivity and it may not even be viable to run those bases. We have experienced it ourselves in the past, we've seen where certain markets that we had a presence in, our connectivity cost is significant. What it does this model is it justifies being in those markets at a lower price point. It's very difficult Mr. Thakkar to point out each market because like I said it doesn't depend on the MSO, it doesn't depend on the business model, it depends on the location, the subscriber base and the connectivity that they have. So even if you compare it to the competition, the competition may say, listen, I'm not interested in moving all of my markets. When Mr. Manoj spoke about density of population, this works beautifully when you look at moving outside the tier-1, tier-2 markets. The moment you go into tier-3 and tier-4 markets where your connectivity could be in the region of Rs.17, Rs.20, Rs.25, Rs.30, whatever, this is when the model starts to make sense and that is why I looked at that 60 million homes. That's 60 million homes you got to discount it and pretty much look at over the next few years, we'd be targeting about 20%, 30% of that because already we've signed on Siti Networks as a partner for infrastructure sharing and we'd look to expand that to another base. So, I think the addressable base will remain, in fact Mr. Thakkar, just to tell you the pie chart is actually the entire addressable base. If you look at the competitors that you mentioned whether Hathway or Den or GTPL, I don't think as a company we have anything as in not being able to offer services to them. We'd be very delighted. There's no question because the beauty about the infrastructure sharing model is it's pretty much for the entire industry. So, the only reason why I was talking about that 60 million homes was because I know 60 million homes are the ones today that are challenged very strongly by connectivity and therefore the resultant cost of that connectivity. I hope I was able to explain that Mr. Thakkar.

Urvi Jha: I have a couple of more questions on our cable business. So, sir our subscribers at 5 million they have been stagnant I think for some time. So, what are the growth options there, are we looking at any inorganic opportunities or what is your vision? Then, second, I want to know on our ARPU for the cable business? I think it is one of the lowest in the world.

Vynsley Fernandes: India is the lowest in the world.

Urdhi Jha: So how can we grow over there? We are reducing debt but are there any plans to go completely debt-free? Your vision on these three things.

Vynsley Fernandes: Amar, I'll start and then hand over to you on the debt aspect. You kind of hit the nail on the head. When you look at that base of 5 million, it's actually not a stagnant base, it's a dynamic base. What have we done? We've looked at video customers becoming broadband customers and broadband customers becoming video customers. So rather than just growing and trying to throw money after discounting, etc., we've been growing slowly but steadily, we've not been growing radically, you're absolutely right, I won't disagree with you for a moment that we've not been growing radically, it's been about 18% CAGR growth over the last two years and just 10% in the last year, when you look at a pandemic year by the way is considered to be fantastic.

Urvi Jha: But the same subscribers?

Vynsley Fernandes: Yes, so I'll come to it, so there is a concept called revenue generating units which I can share with you, it's my mistake, I should have put that up on slide because don't forget that there is a lot of overlapping in this space. There is our joint venture customers in this, there is our broadband customers who already have broadband within it. So, when you look at it, there's a lot of overlap within it which is why we talk about a 5 million base rather than talking about 6.2, 6.3 million base, so I'll come to that. But let me just explain to you first to the questions that you raised because a very relevant question. So are we looking at growth? Absolutely, we believe that there is a great opportunity for growth, but we also believe as Amar had pointed out that the markets by and large have reached some level of saturation. However where is the opportunity for NXTDIGITAL? The opportunity for NXTDIGITAL is in the markets which are outside of the cities, the rural markets. Now, when you look at those markets, those growth areas are limited in terms of the pace of growth because when you go to a small town, your growth factor as against a larger town may give you 2,000 customers at one time, a smaller town may give you 800 customers. So, that is the reason why we're looking at launching the

100 COPE project because we believe that there is still significant growth, but on the flip side of things, we believe that the infrastructure sharing PaaS model, that is going to be the future because more and more MSOs are looking at how to consolidate, how to reduce costs to stay relevant in the market. So, that is going to happen. You will see the base increasing. Our service base will suddenly shoot up because every time I sign on an MSO, one of the MSOs we're currently talking to as a base of 800,000 customers, now that's 800,000 straight away that forms part of the service space. Siti as you know has a base of over 8.5 million. They will want to move a significant base which is in rural markets to the platform. So, when you look at the service base of NXTDIGITAL, you'll see a tremendous amount of growth that was the second. The third piece you spoke about ARPUs. What I shared ARPUs are to us not the consumer ARPUs, these are ARPUs that we collect at different markets, this is not consumer ARPU, consumer ARPU is much higher than this, this is the ARPUs that effectively come to us and Amar can explain it in detail. And by the way our DAS-1 markets, our ARPUs are among the highest in the country today, we're very proud and our DAS IV goes well. So those ARPUs are effectively not the consumer ARPUs, they are the MSO ARPUs that we recollect.

Amar Chintopanth: As far as debt goes, our intention would be to become debt-free over a period of time. Will it happen tomorrow, day after? It will not happen, but yes, we would like to be either a debt free or a very low debt company going forward because that will actually give us the strength to grow in future because it requires us to have a good capital base and that requires the debt to be as low as possible. So, yes, we would like to be a debt-free company as we move along.

Vynsley Fernandes: As Amar pointed out, it's not that something that's at the back of our mind, it's something that we're working consciously on, in October 2020 as Amar mentioned, we sold the Hinduja Leyland Finance shares. That was the first step towards reducing our debt. Now we have rights issue which will bring our debt-equity ratio down from 3.8 to 1.18. Then we're looking at of course the real estate parcels which will bring it to sub-1. So, there's a consistent and constant plan to work on becoming a company with strong fundamentals and debt-equity ratio becomes one of those key drivers that we're looking to work on. I hope that answers your question.

Urvi Jha: Yes sir, it does, and I've been an investor since a long time, I think I met Amar sir also. I would be happy if that happens. Lastly, I wanted to know how does the Jio competition affects us?

Vynsley Fernandes: So, this is the question that has come up in the last four quarters since I started answering I must share with you. I think there are horses for courses and each one has their own market; each one has their own skill sets. I think we're too focused in our approach to be a competitor to the kind of Jio incredible juggernaut that there is. Our focus has always been on delivering services via satellite with a focus on semi-urban, semi-rural and rural markets where 65% of our presence is. The Jio of course is looking at key cities where population density is high for delivering signals and services terrestrially. So, I think we've got our own customer groups, I think we've got our own markets and it's working fine, it's been now a couple of years since it's happened, there are other MSOs also in the country, I think we've all learned to respect and work closely and we all have our own skill sets and our roles, own strengths and our own markets. As I mentioned to you, platform-as-a-service solution, I have no problems extending it to anyone because I'm a service provider, I have no problems offering it to a competitor or to a peer or to just about anyone. So, I think each one of us has a clear as they say horses for courses, each one has its own individual focus.

Bhanu Vazirani: We don't have any other questions now.

Vynsley Fernandes: Excellent questions, I think the questions truly they challenge us to also think our own process.

So, ladies and gentlemen, thank you so much for your time on a Friday afternoon. Again, I'm very glad that we were able to spend this time. I apologize if we were not able to convey everything that we wanted to. But for that I would request if any of you have any further questions, clarifications or require any data to please ensure that you connect with the Adfactors team and I request the Adfactors team in turn to please connect with us and keep us posted and whatever information it is our endeavor to get it out in the shortest possible time. So yes, it's been a challenging year, it's been a year where personally and professionally we've been challenged on all fronts but as they the great silver lining is that while we focused on the core business, the performance ended up speaking for itself in terms of the EBITDA growth, in terms of the subscriber growth, in terms of the revenue top line growth as well as we've ended the year with a strong start to the next year or rather I can say we started the year very strongly with the approval from the Ministry of Information and Broadcasting. We're very grateful to for the infrastructure sharing of PaaS model. We believe it will go a long way not just in helping us earn a fee income in any way but also helping the industry, helping MSOs reduce costs, stay relevant, grow in the business, so we're very grateful for that. And I think we have our vision very clear. Again, as we keep on telling our team, at the end of the day you've got to do what it takes to make it happen and we believe that we will continue those efforts. I'd like to end with of course wishing you and your families to stay safe in these difficult times and we wish you all a very happy weekend. Amar, do you like you to close please?

Amar Chintopanth: Thanks, Vynsley. Thank you everyone for coming on this Friday evening for this call. It's been a very fruitful conversation and it's been a very interactive session which we have enjoyed. So, thank you once again. Please stay safe and please take care of the loved ones.

Vynsley Fernandes: Thank you everyone and good day.

Bhanu Vazirani: Thank you, everyone. See you all after Q1. Thank you, Vynsley sir, thank you, Amar sir.

Vynsley Fernandes: Thank you everyone from our teams. Very well organized I genuinely thank to get the support from our teams and Adfactors and Axis Capital, everyone else who's been there from our side on the call, genuinely appreciate the efforts you'll put into to have this done. Thank you, Snighter, Bhanu, Darshan, Anand, everyone else. Good day. Have a wonderful weekend.