ANNEXURE 6 TO THE BOARD'S REPORT

MANAGEMENT DISCUSSION AND ANALYSIS – 2017-18

1. INDIAN ECONOMIC REVIEW

Indian economy is now the fastest growing economy in the world despite the lower GDP growth rate of 6.7% for 2017-18 as compared to the past few years. This is on account of lower growth in Agriculture, Forestry & Fishing and Industry sectors which is partially offset by higher growth in the Service sector. The deceleration in industrial growth was mainly due to slowdown in credit growth with banks becoming more cautious in lending considering their Non-Performing Assets (NPA) problems coupled with high real interest rates and overvalued currency. It is noteworthy that this growth has been achieved despite the disruptions triggered by demonetisation of high-value currencies in November 2016 and the rollout of the Goods and Services Tax (GST) during 2017-18.

For most part of the year, India remained the Goldilocks economy, one with high economic growth and lower inflation, as the quickening growth did not add to inflationary pressure. The economy also witnessed a gradual transition from a period of high and variable inflation to more stable prices in the last four years. However, in March 2018, Consumer Price Index inflation increased to 4.28%, as compared to 3.89% in March 2017 due to sharp increase in oil prices, increasing prices of vegetables and fruits as well as implementation of the housing rent allowance for central government employees recommended by the Seventh Pay Commission.

Increasing imports primarily on account of rising gold imports coupled with rise in crude oil prices and increase in electronics imports led to the widening of the trade deficit during 2017-18. However, the net capital inflows dominated by foreign investment and banking capital could finance the Current Account Deficit estimated at 1.9% for 2017-18. The fiscal deficit for 2017-18 was contained at 3.5% of GDP on account of robust direct and indirect tax collections & cut down in capital expenditure.

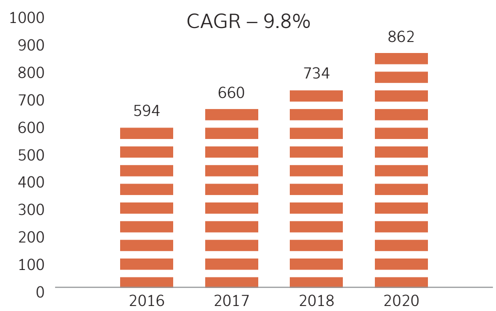
On account of host of measures such as implementation of GST, Insolvency and Bankruptcy Code, announcement of bank recapitalisation, etc., India's rank has improved to 100th in 2018 World Bank Doing Business Report from 130th in 2017. Further, expecting continued economic progress, Moody's Investor Services has raised India's credit rating from the lowest investment grade of Baa3 to Baa2 and changed the outlook from stable to positive, the first upgrade in last 14 years. Going ahead, with the world growth rate likely to witness moderate improvement, expected greater stability in GST, likely recovery in investment levels and ongoing structural reforms, one can expect improved economic performance of the country during 2018-19.

2. INDUSTRY OVERVIEW:

A. Industry Structure

The Indian Media & Entertainment ("M&E") Industry comprising of television, film, radio, print, music, internet, animation, gaming, outdoor media and digital advertising, has observed a very eventful year of 2017. According to industry reports, the sector reached INR 1.5 trillion in 2017, with 13% growth over 2016, expecting to reach INR 2 trillion by 2020 at a Compound Annual Growth Rate (CAGR) of 11.6%.

The Television segment witnessed 11% growth over last year reaching to INR 660 Bn in 2017 from INR 594 Bn in 2016. It is expected to touch INR 862 Bn by 2020 at a CAGR of 9.8%.



(Source : Re-imagining India's M&E Sector, 2018 by FICCI-EY)

With advent of GST, completion of digitisation of Phase III & IV coupled with consistent growth on supply chain and the content fronts, the sector envisages robust growth in coming years through consolidation and innovation.

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According to TRAI reports, the total internet users rose to 446 Million in CY17 (Calendar Year) recording growth of 13.9% from 391.5 Million users in CY16, with penetration of 34 per 100 population.

The total no. of broadband subscribers increased from 236.09 Million in CY16 to 362.87 Million for CY17, recording a growth of 53%.

Table 1.22: Trend of Internet subscriber base

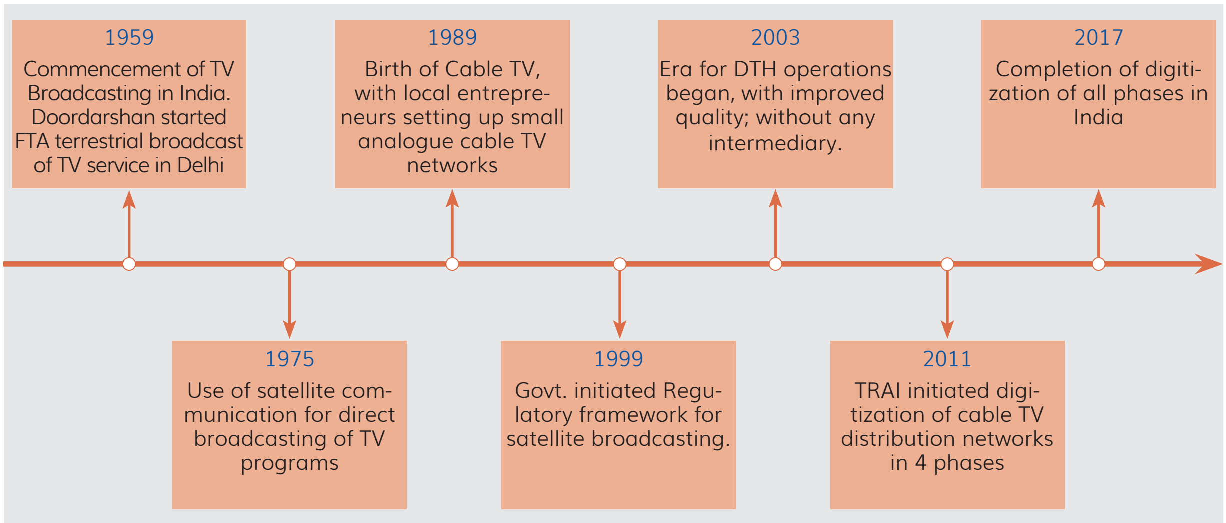
	Mode of Access									
			Wireless Subscribers (in million)							
	Wired Subscribers (in million)		Fixed Wireless (Wi-fi, Wi-Max, Radio & VSAT)		Mobile Wireless (Phone + Dongle)		Total Wireless		Total Subscribers (in million)	
Segment	**Dec-16**	**Dec-17**	**Dec-16**	**Dec-17**	**Dec-16**	**Dec-17**	**Dec-16**	**Dec-17**	**Dec-16**	**Dec-17**
Broadband	18.14	17.86	0.59	0.44	217.36	344.57	217.95	345.01	236.09	362.87
Narrowband	3.36	3.43	0.02	0.01	152.03	79.65	152.05	79.66	155.41	83.09
Total	**21.51**	**21.28**	**0.61**	**0.45**	**369.39**	**424.22**	**370.00**	**424.67**	**391.50**	**445.96**

(Source : TRAI report, 2018)

2017-18 observed newer platforms for entertainment in terms of Over The Top (OTT), digital video content, online gaming and low-cost broadband data, showing signs of exponential growth.

With India becoming 2nd largest smartphone market in the world and close to 50% of the population having access to affordable data consumption by 2020, with allow to develop exciting opportunities to scale newer heights and serve the next generation of digital consumers.

B. Overview of Distribution segment



The digital video content for Television is primarily distributed through Mutli Systems Operators (MSOs) and Direct-to-Home (DTH) players. Over past couple of years, the supply chain also added up new distribution platforms viz., IPTV, Head-end In The Sky (HITS), OTT, etc. As per industry reports, there are close to 1,469 registered MSOs, 7 DTH players, 2 IPTV operators & 1 HITS operator. The MSO sector is ably backed by more than 60,000 Local Cable Operators (LCOs) in the supply chain to further distribute the content to the last mile consumer. The market remained dominated by 10 large MSOs and DTH players, catering to around 65% of pay TV homes[1].

The total satellite channels added up to 877, with 300 pay channels and 577 Free-to-Air channels. Of 877, 389 channels are news channels.

[1] Source : EY Analysis

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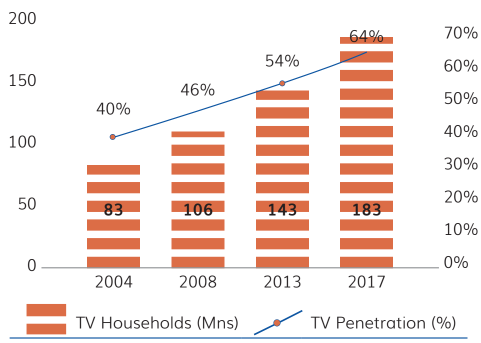
C. Growth story of TV penetration

The TV viewing households grew to 183 Million in 2017, approximately 3.5% higher than 2016, covering of 780 Million viewers. 83% of these household accounted for paying households[2]. Urban TV household penetration is 87% as against rural TV household penetration of 52%[3].



(Source : BARC)

With onset of digitisation, the year 2017 witnessed more channels being carried to the end consumer at a consistent and non-discriminatory quality of signals, with direct proportional growth in Average Revenue per User (ARPU). The consumer ARPUs, stood as per table below:

Phase	ARPU Range (INR)*
I	250 – 350
II	200 – 325
III	150 – 225
IV	125 – 200

* May vary on location basis.

(Source : Industry discussions, EY Analysis)

The digitisation impact also offered increased transparency in terms of active consumers to MSOs. consequently, a similar wallet-size increased was also observed in MSO's revenue share, with earnings almost equal to LCO revenue, as evident from table below:

Stakeholder	Pre-digitisation	Post Digitisation
Consumer ARPU	100%	100%
MSO	20% - 35%	45% - 55%
LCO	65% - 80%	45% - 55%

(Source : Industry discussions, EY Analysis)

The customer ARPU for digital cable TV services are expected to grow at CAGR of 18% during 2017-2021.

Your company's unique experience and better relationships with trade partners, has enabled us to yield better than industry ARPUs.

[2] Source : BARC

[3] Source : Broadcast India 2017

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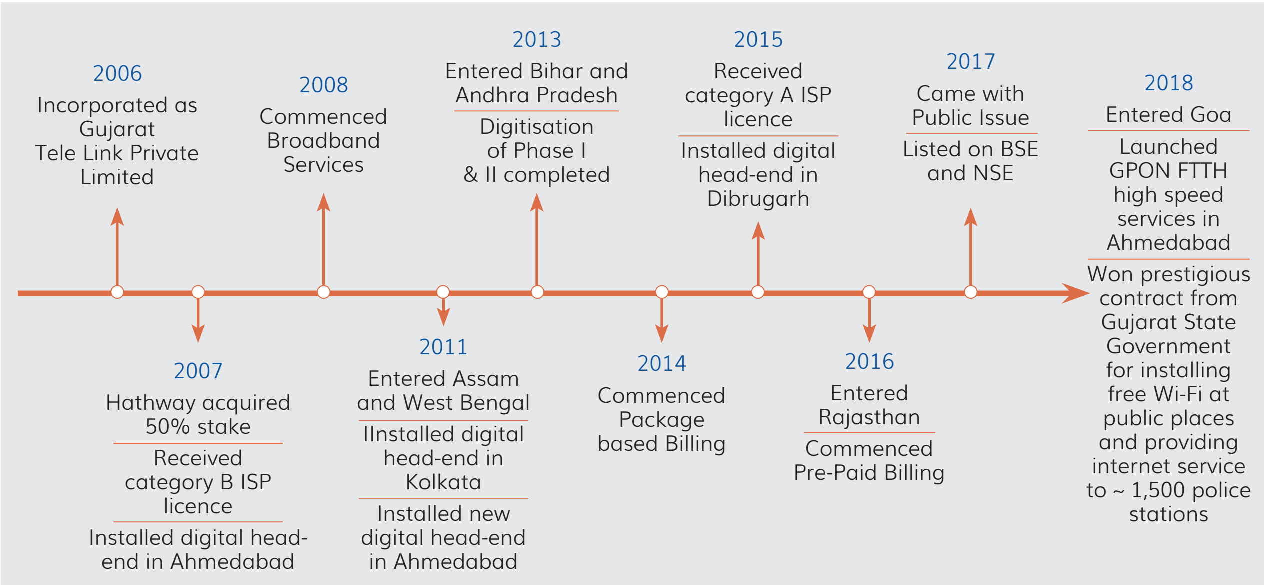
3. COMPANY OVERVIEW

GTPL Hathway Limited, is one of the leading and largest MSO in India, with presence over 11 states, foraying into Digital Cable Television and Broadband businesses. Your company also has 26 indigenous cable channels being run on its platform. The Cable TV services are catered through main state-of-the-art head-end set-up at Ahmedabad and 4 support headends with a network of approximately over 20,000 Kms of Optical Fibre Cable spread across India reaching to over 500+ cities and 8.7 Million households.



A. Technology

Your company is well-positioned to expand reach across geographies of India, with state-of-the-art headend stationed at Ahmedabad, Gujarat. The new next generation video headend is commissioned in July 2017 with Harmonic Inc., USA as our technology partner, capable of carrying 650+ channels and 50+ OTT channels.

Your company also added another feather to its cap of Conditional Access System (CAS), by enabling NSTV CAS systems during the year, apart from existing 3 CAS viz., Nagra, Cisco & NDS.

On Broadband front, your company is upgrading its network to Gigabit Passive Optical Network (GPON) technology, with capability of servicing high speed internet, upto 100 MBPS and launched high speed and high volume, with "no data restriction" Broadband services in Ahmedabad city in Feb-18.

The Company also upgraded, during the year, its Operations Support System (OSS), "Net Vertex" & Billing Support System (BSS), "Crestel" products of Sterlite Technologies Limited

A Mobile App "GTPL Saathi" was also launched in April 2018 to enable our LCOs to conduct their business from mobile. The app aims to provide all the business transactions being seamlessly carried out from the mobile device, with real-time and direct integration with its subscriber management systems. This App is being used by 15000+ users currently.

The Company also revamped its consumer app "My GTPL" providing its customers (Video & Broadband segment) with their billing, data usage pattern, making payments for renewals, etc. with real-time and direct integration with its subscriber management systems.

B. Business Partners

GTPL Hathway Limited being a bottom-up company, continues to drive its business growth on strong relationships with its business partners and associates being LCOs as one of the key business partner. Your company has now more than 20,000 LCOs as

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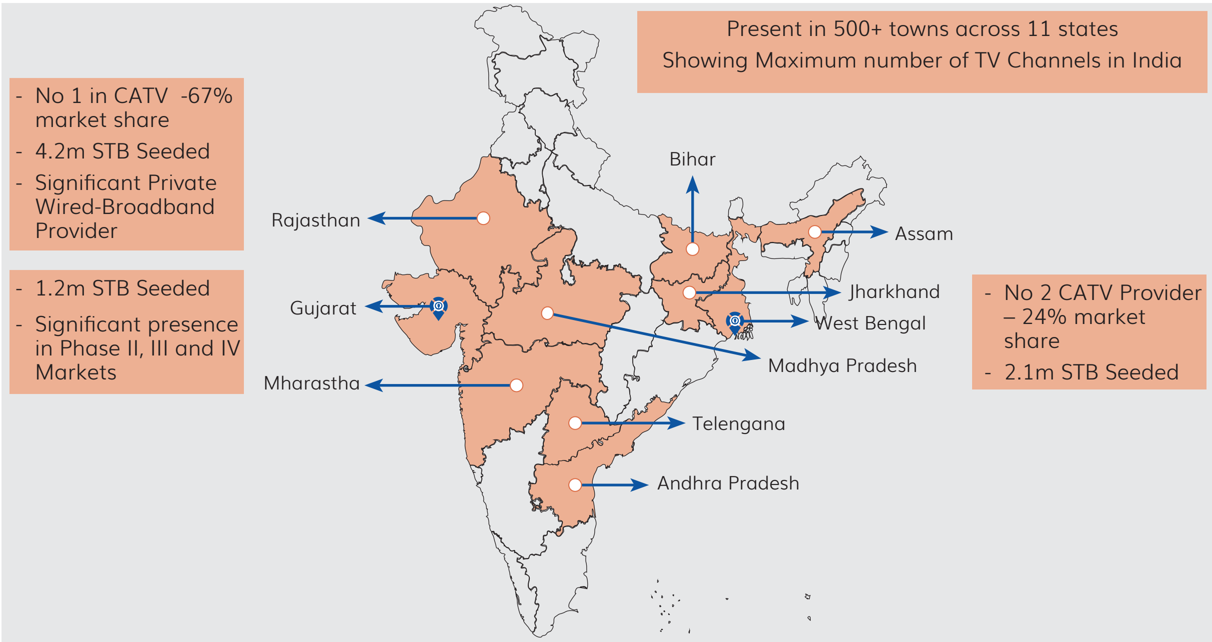
its business partners, with 1000+ new LCOs joining the Company in 2017-18. The Company also introduced "Prepaid Model" for its LCOs during the year, which has not only ensured timely collection of revenues but also pushed digital collections, with close to 35% of total collections contributing from digital platforms, as at year end.

C. Digital Footprint



Your company seeded close to 1.8 Million Set Top Boxes (STB) during the year, with total STBs now seeded as 8.7 Million as at year end. The total active subscribers stood at 7.4 Million, with 1.42 Million subscribers being added during the year.

Your company continued to be a clear market leader in state of Gujarat, with 67% of market share (4.2 Million STBs seeded). It became 2nd largest MSO in West Bengal with 24% market share (2.1 Million STBs seeded) and in Maharashtra (excluding Mumbai) with 1.2 Million STBs seeded. The Company has more than 95% of subscribers in Hindi speaking market, giving clear advantage to the Company while negotiating with broadcasters.

D. Broadband

GTPL is upgrading its network from Metro Ethernet Network (MEN) to GPON Fibre to the Home (FTTH) technology enabling the Company to offer high speed and high-volume service to its consumers.

With the upgraded, reliable and consistent Fibre Network, the Company launched, first of its kind "Sachmein Unlimited" data plans for its customers in Ahmedabad city with options of 40 MBPS and 100 MBPS speed with **NO DATA RESTRICTIONS** in the price range of INR 388 to INR 762.

The Company plans to expand its reach under this upgraded technology across Gujarat, its dominant presence state, during the next year at affordable prices.

Your company also bagged 2 prestigious 5-year contracts from Government of Gujarat, under Digital India Project for provision of broadband services, worth INR 482 Million.

Under one of the projects, GTPL will provide Wi-Fi services on services/rental module, including design, build and operations, and management for state-wide public Wi-Fi hotspots under the Gujarat State Urban Area Network (GSUAN).

Other project is with Home Department for supply, installation, commission and maintenance of internet bandwidth for various offices of the home department across the state of Gujarat.

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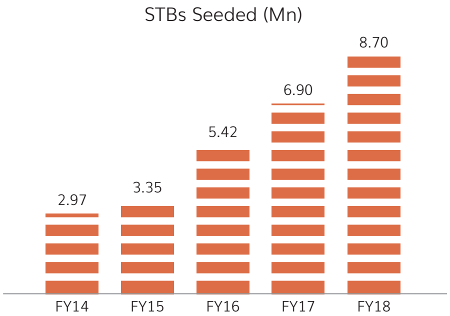
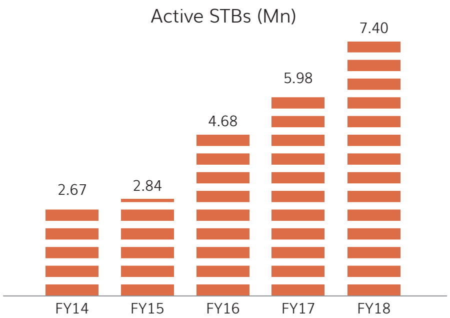
The chief minister of Gujarat, Shri Vijay Rupani launched the urban wifi free public services on successful completion of the project by your company on May 9, 2018.

E. KPIs performance

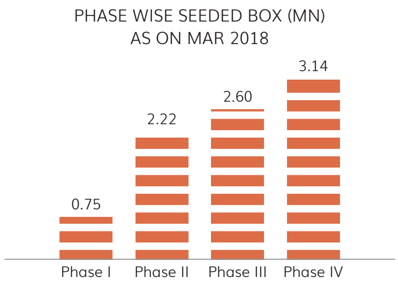
(i) Video Business

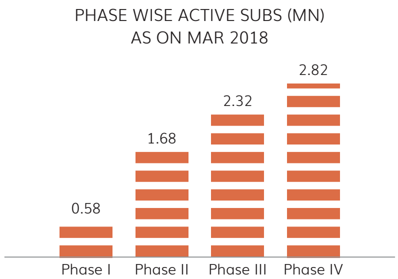
During the year, the Company seeded 1.8 Million STBs and added 1.42 Million more STBs to its active STB kitty. This giant leap enabled the Company to reach 8.7 Million STBs' seeding with 7.4 Million active STBs.



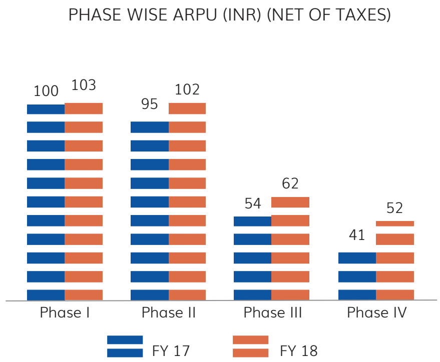


STBs seeding in Phase III & Phase IV account for around 2/3rd of the total seeding. Active STBs in Phase III & Phase IV account for around 70% of the total active STBs.





The Company has reported increase in Phase I & Phase II ARPUs during 2017-18 by 3% & 7.37% respectively. Phase III & IV saw a growth of 14.81% and 26.82% respectively during FY 2018, primarily on account of the monetisation of the STBs seeded and advent of digitisation in these phases.



(ii) Broadband Business

During the fiscal, the Company added close to 220K new Homepass in Broadband business with total Homepass of 1.30 Million. It also added 40K new subscribers during the same period, with total subscribers reaching to 280K at year exit.

The average data consumption reached 62 GB per month per subscriber, reporting a growth of 63% over previous year.

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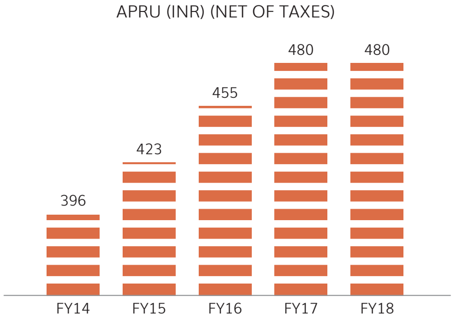
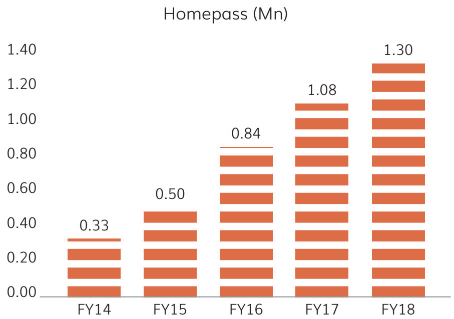
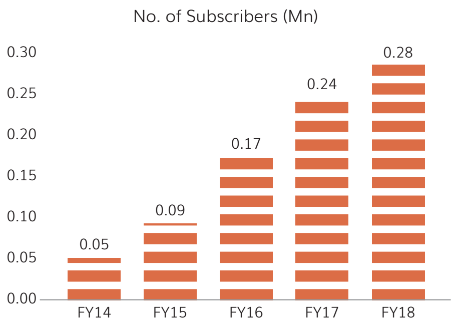
The ARPU remains consistent at INR 480, with CAGR of 5% in last 5 year.



The Company now aims at leveraging on its strong and deep-rooted presence in CATV market in expansion of the Broadband business. Your company has commercially rolled out GPON FTTH plan in city of Ahmedabad this year offering high speed internet up to 100 MBPS, with further rolling out the state-of-the-art technology across Gujarat in next year.

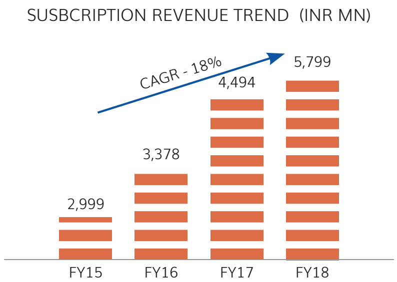


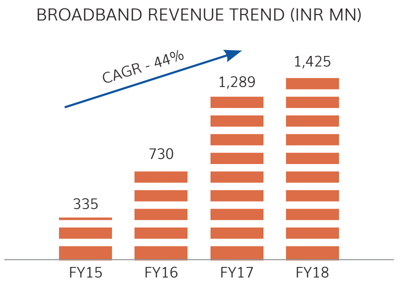


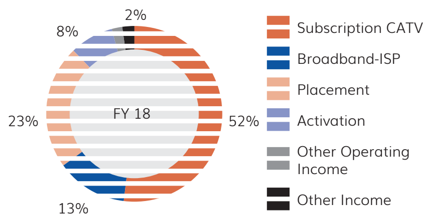
(iii) Financial Performance

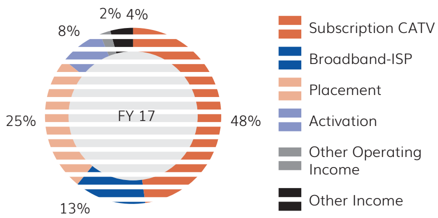
Revenue: The Company's consolidated revenues touched a new height of INR 11,134 Million, up by 18% over previous year of INR 9,417 Million. The growth is backed by higher subscription revenue growth of 29% (INR 5,799 Million in 2017-18 against INR 4,490 Million in 2016-17) at CAGR of 18% and Activation revenue growth of 25% (INR 939 Million in 2017-18 against INR 751 Million in 2017-18).

The ISP revenues are up by 11% in 2017-18 at INR 1,425 Million against INR 1,279 Million in 2016-17 at CAGR of 44%. The Placement revenues are reported at INR 2,566 Million in 2017-18, with corresponding figures of INR 2,375 Million in 2016-17 recording an 8% growth Y-o-Y.









EBITDA: Consolidated EBITDA was recorded at INR 3,144 Million, up by 31% over previous year of INR 2,406 Million.

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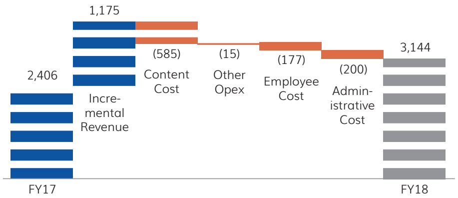
The operating margin improved by 270 basis points over previous year. The total revenues jumped by INR 1,715 Million against total expenses of INR 977 Million, resulting in net Operating Margin to go up by INR 738 Million in 2017-18.

Expenses: Total Operating Expenses rose by 14% at INR 7,989 Million against INR 7,013 Million in 2016-17. Your Company observed a decline of 32% in Finance Costs during last year at INR 393 Million against INR 581 Million in 2016-17.

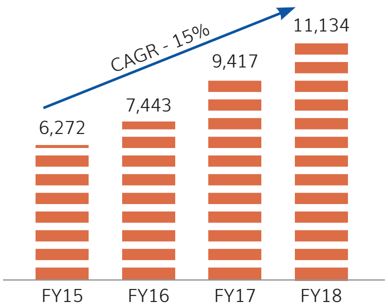
Consolidated EBITA Bridge FY 2017-18 (INR MN)



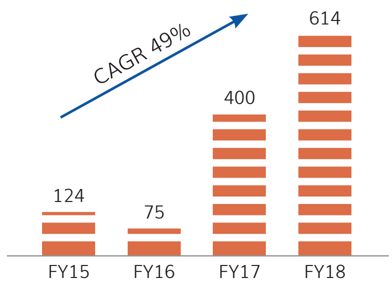
PAT: Your Company's consolidated PAT stood at INR 614 Million recording a growth of 53% over previous year PAT of INR 400 Million. The net margins improved by 127 basis points over previous year.

Consolidated Financial Results FY18 (INR AS)- Trend

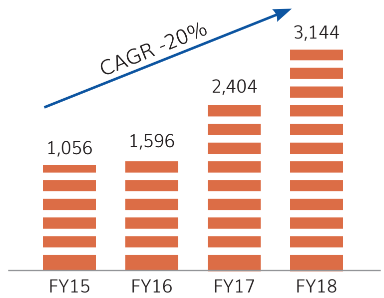
Total Revenue (INR mn)



PAT (INR mn)

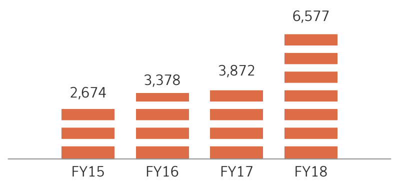


EBITA (INR mn)

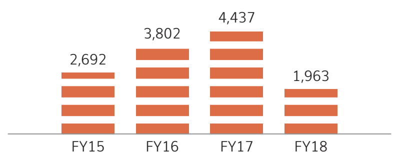


Debts: The Company has reduced its gross debt to INR 3,283 Million from INR 5,499 Million and net debt to INR 1,963 Million from INR 4,437 Million as at March 31, 2018 compared to as at March 31, 2017. These improved figures put your company on a very strong Leverage Metrices of 0.62 and 0.30 on Net Debt to EBITDA and Net Debt to Net worth respectively.

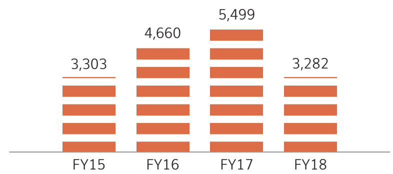
Net Worth (INR MN)



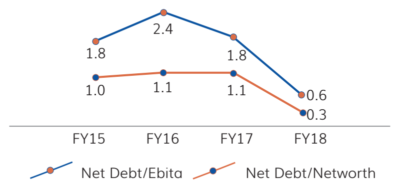
Net Debt (INR MN)



Secured Debt (INR MN)



Net Worth (INR MN)



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4. CHALLENGES AND RISKS

- **Regulatory and Compliance:** Telecommunication (Broadcasting and Cable Services) (Eighth) (Addressable Systems) Tariff Order, 2017 is sub-judice as of today. The Order aims at overhauling of the wholesale and retail TV channel pricing, among other reforms in the Industry. According to the Tariff Order, the broadcaster is required to declare the Maximum Retail Price (MRP) for each of their channel, segregating their channels into FTA & Pay. The key impact of the order may be possible reduction in channels to end consumers, future ARPUs, our pricing model and Pay TV economics.

  Your company is geared up to adapt the changes as entailed in the Tariff Order and implement these in the defined time-frames.

- **Technology:** The supply chain ecosystem in M & E has witnessed new platforms in last couple of years such as IPTV, HITS, OTT, etc. It is pertinent that MSOs like us also evaluate & review these technological advancements and also match up the pace of technology and foray in to alternate means of distribution of content.

- **Monetisation in Phase III & Phase IV :** With sunset of Phase III & Phase IV in December 2016 & March 2017 respectively, 2017-18 witnessed full year of digitisation for the entire industry. It is now important to sustain the growth in subscription revenues and ARPUs in these Phases.

INTERNAL CONTROL SYSTEM

The Company has an adequate system of Internal Controls aimed at achieving efficiency in operations, optimum utilisation of resources and compliance with all applicable laws and regulations. Independent firms of Chartered Accountants are appointed as Internal Auditors of the Company. The key observations and recommendations following such internal audit, for improvement of the business operations and their implementation are reviewed by the Audit and Risk Management Committee on a quarterly basis.

CAUTIONARY STATEMENT

Certain statements in the Management Discussion and Analysis, describing the Company's analysis and interpretations are forward-looking. Actual results may vary from those expressed or implied. The Company assumes no responsibility to publicly amend, modify or revise any such statements on the basis of subsequent developments, information or events.

FOR & ON BEHALF OF BOARD OF DIRECTORS OF
GTPL HATHWAY LIMITED

	RAJAN GUPTA	ANIRUDHSINH JADEJA
Date : August 10, 2018	CHAIRMAN	MANAGING DIRECTOR
Place : Ahmedabad	DIN: 07603128	DIN: 00461390

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