

# Cable firms to raise Rs 1,000 cr for expansion

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In order to provide digital cable services to the existing analogue cable homes, the large cable distribution companies like Hathway, InCable, Digicable, DEN and others are looking to raise around Rs 1,000 crore to Rs 1,200 crore, via initial public offers, private placement and from various private equity funds over the next four to six months.

Industry sources say while Hathway Cable is looking to raise around Rs 250 crore via a public issue, Digicable, a large Multi System Operator (MSO), is close to raising Rs 100 crore through a private placement. Mumbai-based InCable is also expected to raise around Rs 70-100 crore from the capital market, sources say.

This comes soon after Sameer Manchanda-promoted cable distribution firm DEN announced its intentions to raise around Rs 500 crore through an IPO. DEN has already filed the draft Red Herring prospectus with the Securities and Exchange Board of India (Sebi).

According to government sources, the fund-raising exercise by cable companies is in anticipation of a new cable distribution policy called Headend-in-the-Sky (HITS) that is likely to be announced in a few months. HITS is a satellite-based cable distribution platform, similar to how DTH operates, that will enable the MSOs to undertake the digitalisation drive on a pan-India basis.

Funds raised by these cable companies will be used to speed the digitalisation drive of the



The fund-raising exercise is in anticipation of a new cable distribution policy called Headend-in-the-Sky

current analogue cable systems so as to arrest the fast paced growth of Direct to Home (DTH) firms, who are quickly converting the cable consumers into DTH subscribers. There are around 15 million DTH subscribers currently, as opposed to under 2 million digital cable subscribers.

"Additional funds will be used to convert the existing analogue cable head-ends into digital. Also, consumers of digital cable will be provided with set top boxes at extremely subsidised rates, thereby enabling them to compete with the DTH service providers," says a senior executive of a leading cable company.

"The key factors driving the growth of the industry have been de-regulation, regionalisation of content, availability of funds, digitalisation and creation of niche content," says K S R Reddy, head of equity research with Junipor Advisor, a leading equity research firm.