GTPL Hathway Ltd — FY 2026 Annual Report Analysis

Annual Report Analysis (Consolidated)

Investor Snapshot

#	Analytical point	Sentiment
1	***The core Cable TV segment has functionally failed as a profit center, recording a PBT loss of 31.8 Cr and dragging consolidated ROCE down to 3%, which is now significantly below the cost of capital.***	—
2	***Earnings quality is at a window-low as Other Income (28.06 Cr) represents 155% of PBT; without these non-operating inflows, the consolidated group would be loss-making.***	—
3	***Solvency is under extreme pressure with an existential AGR demand of 975.42 Cr (85% of Net Worth) and an Interest Coverage Ratio that has collapsed to a critical 0.74x.***	—
4	***Significant governance and forensic risk exists due to the database-level audit trail for subscriber data being disabled for 98% of the year, undermining the integrity of reported revenue.***	—
5	***The business has transitioned into a captive distribution arm for the Reliance ecosystem, with related-party revenue (Jiostar) now accounting for 23% of total revenue and 3.2x total Operating Cash Flow.***	—
6	***Capital allocation is misaligned with performance, evidenced by a 10% increase in MD remuneration and high dividend payouts despite a 66% crash in Net Profit and a move toward negative Free Cash Flow.***	—
7	***Asset quality is deteriorating as 22% of gross receivables (125.6 Cr) are now aged over three years, indicating a high probability of future impairments that thin reserves cannot easily absorb.***	—
8	**Supply chain resilience is a localized strength, with domestic sourcing increasing to 94% and the institutionalization of a 90-day hardware buffer to mitigate Middle East geopolitical risks.**	—
9	Avoid. Re-evaluate only if Cable TV segment PBT turns positive and the AGR demand is settled for <□200 Cr; monitor Interest Coverage threshold of 0.50x.	—

1. Business overview

GTPL Hathway continues to operate in a bifurcated model: **Digital Cable TV** (12 Mn+ households) and Wired Broadband (1.06 Mn active subscribers).

Segment	Revenue (FY26)	Share %	YoY growth
Placement / Marketing Income	1,845.469 Cr	49.62%	17.6%
Subscription Income	1,186.203 Cr	31.89%	(3.8%)
Internet Services Provider Access	561.150 Cr	15.09%	2.3%
Projects (Including O&M)	95.531 Cr	2.57%	15.6%
Advertisement Income	15.206 Cr	0.41%	(28.6%)
Activation Charges	9.675 Cr	0.26%	(40.0%)
Other Operating Revenues	5.983 Cr	0.16%	(9.5%)
Total Consolidated Revenue	**3,719.217 Cr**	**100.00%**	**6.96%**

- **Revenue Mix & Drivers:** The business remains 100% reliant on these two services. The Digital TV segment is the volume driver, while Broadband is the structural growth engine. Subscription revenue quality is declining; while gross contract price remained identical at □1,186.203 Cr, direct price pressure is evident.
- **The "Captive Distributor" Pivot:** A critical qualitative shift is the accelerating concentration of Related Party Transactions (RPTs). RPT purchases surged from 25.90% to 44.95% YoY. This signifies that GTPL has effectively transitioned into a captive distribution arm for the Reliance/Star ecosystem.
- **Geography & Market Position:** Spans 26 states and 5 UTs with 1,600+ towns. Maintains #1 MSO position in India and Gujarat, and #2 in West Bengal. The "Pan-India" narrative focuses on expansion beyond traditional Western India strongholds.
- **Supply Chain & Localization:** To mitigate geopolitical risks (Middle East conflict), the company institutionalized a 90-day buffer stock for Set-Top Boxes. Sourcing has pivoted to domestic vendors (94% of inputs), with 45% from MSMEs (up from 24%), reducing currency risk.
- **Cost Drivers:** Pay Channel Expenses are the primary margin killer, increasing by □269.767 Cr, outpacing total revenue growth and indicating poor bargaining power.
- **Capacity & Expansion:** The company is shifting from a CAPEX-heavy STB model to a tech-enabled "GTPL Infinity" platform. However, capital commitments dropped to □90.406 Cr from □306.910 Cr, signaling a strategic slowdown in network expansion.

2. Management commentary & outlook

- Management’s vision for FY 2026 is centered on the **"GTPL Infinity"** project, shifting from being a hardware provider (STBs) to a "digital ecosystem" player integrating TV, Broadband, and OTT.
- Technological advancement highlights include AI-enabled content personalization and cloud-based distribution to enhance service quality and move away from a commodity utility image.
- Management emphasizes "people practices," citing a 100% return-to-work rate after parental leave and 60% workforce upskilling to combat high attrition in specialized tech roles.
- Linear TV is characterized as "resilient" in regional and emerging markets, providing a floor for the distribution business, while management prepares for Digital Personal Data Protection (DPDP) Act compliance.
- Geopolitical risks, specifically the Middle East conflict and Strait of Hormuz, are explicitly cited as risks to hardware deployment timelines and cost escalations.
- The Department of Telecommunications (DoT) demand of □9,754 Cr (AGR) is defended as a "merit-based" fight, though it remains a massive tail risk to the company’s solvency.
- The strategic narrative has shifted from "Infrastructure Growth" to "Branding and Humanization," evidenced by the introduction of brand mascots Gia and Gimmi.

- Management Tone: The tone is highly aspirational and promotional, utilizing pop-culture metaphors like *Top Gun* to frame a "Mission Possible" narrative; however, this visionary stance appears designed to distract from a 75% collapse in Consolidated PAT and a systemic reliance on the Reliance ecosystem, while remaining defensive regarding the terminal risk of the AGR demand.

3. Financial analysis

3.1 Financial statements

P&L statement (□Cr)

Line item	Mar 2026	Mar 2025
Sales	3,719	3,477
Sales Growth %	6.96	8.24
Expenses	3,314	3,045
Material Cost %	1	0
Raw material cost	27.64	0
Change in inventory	1.60	0
Manufacturing Cost %	0	73
Employee Cost %	4	5
Other Cost %	84	10
Operating Profit	405	432
OPM %	11	12
Other Income	28	30
Exceptional items	-0.47	-0.12
Other income normal	28.06	30.18
Interest	39	30
Depreciation	376	369
Profit before tax	18	64
Tax %	31	23
Net Profit	12	49
Profit from Associates	0	0
Minority share	3	-1
Exceptional items AT	0	0
Profit excl Excep	13	49
Profit for PE	16	48
Profit for EPS	16	48
Profit Growth %	-66	-55
EPS (□)	1.40	4.26
Dividend Payout %	143	47

Balance sheet (□Cr)

Line item	Mar 2026	Mar 2025
Equity Capital	112	112
Reserves	1,034	1,051
Borrowings	502	313
Long term Borrowings	70	56
Short term Borrowings	158	172
Lease Liabilities	275	84
Other Borrowings	0	0
Other Liabilities	1,627	1,759
Non controlling int	121	129
Trade Payables	799	952
Advance from Customers	0	43
Other liability items	708	635
Total Liabilities	3,276	3,236
Fixed Assets	2,221	2,058
Land	0	4
Building	0	96
Plant Machinery	0	3,089
Equipments	0	15
Computers	0	56
Furniture n fittings	0	38
Vehicles	0	10
Intangible Assets	284	348
Other fixed assets	0	796
Gross Block	0	4,453
Accumulated Depreciation	0	2,396
CWIP	66	118
Investments	11	12
Other Assets	977	1,048
Inventories	28	25
Trade receivables	545	588
Receivables over 6m	0	280
Receivables under 6m	0	453
Prov for Doubtful	0	-145
Cash Equivalents	67	116
Loans n Advances	58	66
Other asset items	278	253

Line item	Mar 2026	Mar 2025
Total Assets	3,276	3,236

Cash flow statement (□Cr)

Line item	Mar 2026	Mar 2025
Cash from Operating Activity	360	452
Profit from operations	450	463
Receivables	23	-164
Inventory	-3	-1
Loans Advances	5	6
Other WC items	-118	132
Working capital changes	-94	-27
Direct taxes	4	16
Cash from Investing Activity	-273	-380
Fixed assets purchased	-297	-385
Fixed assets sold	0	0
Investments purchased	0	0
Investments sold	0	0
Interest received	7	12
Investment in group cos	0	0
Redemp n Canc of Shares	0	0
Acquisition of companies	0	0
Other investing items	17	-7
Cash from Financing Activity	-81	-111
Proceeds from shares	0	0
Proceeds from borrowings	113	75
Repayment of borrowings	-114	-75
Proceeds from deposits	0	0
Interest paid fin	-39	-30
Dividends paid	-22	-45
Financial liabilities	-13	-34
Other financing items	-5	-2
Net Cash Flow	7	-39
Free Cash Flow	64	67
CFO/OP	88	101

Key ratios

Line item	Mar 2026	Mar 2025
Debtor Days	54	62
Inventory Days	0	0
Days Payable	0	0
Cash Conversion Cycle	54	62
Working Capital Days	-84	-100
ROCE %	3	6

3.2 Financial analysis summary

- **Revenue** grew by 6.96% to □3,719.00 Cr from □3,477.00 Cr, yet Net Profit plummeted 66.00% to □12.00 Cr, reflecting a severe decoupling of top-line growth and profitability where PAT Margin collapsed to a window-low of 0.32% from 1.40% in FY25.
- The company's core **Cable Television** segment is now a major drag on earnings quality, recording a Profit Before Tax loss of □318.34 Cr, which forces the group to rely on the Internet Service segment (□287.94 Cr segment profit) and Projects (□208.55 Cr segment profit) to maintain consolidated profitability.
- **Other Income** of □28.00 Cr represents a staggering 155.56% of the consolidated Profit Before Tax of □18.00 Cr, indicating that the business would be loss-making at a consolidated level without non-operating inflows.
- **ROCE** deteriorated to 3.0% from 6.0% in FY25, while the Net Debt to EBITDA ratio surged to a window-high of 1.75x from 0.65x, confirming that incremental capital is not generating sufficient returns.
- **Finance Cost** surged by 30% YoY to □39.00 Cr as Interest Coverage fell to a critical 0.74x from 2.10x, with 100% of floating rate borrowings (□222.782 Cr) exposed to interest rate hikes.
- **Cash from Operating Activity (CFO)** declined to □360.00 Cr from □452.00 Cr, primarily because Trade Payables were reduced by □153.382 Cr to □799.00 Cr as the company tightened liquidity to clear vendor dues.
- **Trade Receivables** decreased to □545.00 Cr, yet forensic risk remains as the "More than 3 years" aging bucket increased to □125.595 Cr and Unbilled Dues remain high at □136.036 Cr, suggesting 22.27% of gross receivables are high-risk.
- **Lease Liabilities** exploded to □275.00 Cr from □84.00 Cr, serving as off-balance-sheet leverage that resulted in Interest on Lease Liabilities spiking to □13.090 Cr.
- **Capital Payables** (Payables for Capital Expenditure) remain high at □170.994 Cr, indicating the company is heavily utilizing vendor credit to finance infrastructure needs rather than traditional bank debt.
- **Other Assets** includes "Payment Made Under Protest" of □27.089 Cr, which is dead capital locked in litigation, while Deferred Tax Assets of □68.876 Cr rely on brought forward losses; if the Cable segment doesn't turn around, these face write-off risk.
- **Other Expenses** are dominated by Pay Channel Expenses (□2,343.039 Cr) and Commission Expenses (□116.399 Cr), highlighting a margin-compressed model with high reliance on external content and outsourced operations.
- The dominant financial theme of the year is a **fundamental breakdown of the core Cable TV business model**, where content cost escalations and a massive regulatory overhang (AGR) have eroded returns to near-zero, leaving the group dependent on related-party revenue and increasing leverage to sustain operations.

3.3 Contingent liabilities & commitments

Item (note's own caption)	Current yr (Cr)	Prior yr (Cr)	Change	What it means
DOT Demand (AGR Dues)	975.415	975.415	0.0%	Existential threat; exceeds net worth
License Fee (Pure Internet - GBPL)	365.724	Not Specified	—	High risk pending Supreme Court outcome
GST Matters	76.407	24.545	+211.3%	Rapidly rising tax litigation risk
Customs Matters (STB Classification)	83.925	83.925	0.0%	Long-standing hardware classification dispute
Income Tax Matters	25.832	38.784	(33.4%)	Reduction in legacy tax claims
Capital Commitments	90.406	306.910	(70.5%)	Sharp slowdown in network investment

- The **DoT AGR demand** of □975.415 Cr remains the primary "Sword of Damocles," with a potential liability against a consolidated net profit of just □12.35 Cr.
- **GBPL (Broadband subsidiary)** is contesting a □365.724 Cr demand for license fees on "Pure Internet Services," a legal gray area where no provision has been made.
- **KCBPL Broadband** carries a further contingent liability of □33.514 Cr for license fees, increasing the group's regulatory footprint in the ISP segment.
- **Payments Made Under Protest** (□27.089 Cr) represent cash already outflowed but not expensed, pending legal resolution.

3.9 Earnings quality & forensic checks

Read	Question	Verdict	Confidence	Checked
1	Is the growth real?	***Flag***	High	6/6
2	Does profit become cash?	***Watch***	High	5/5
3	Is the P&L being manufactured?	***Flag***	High	6/6
4	Is value leaving to insiders?	***Flag***	High	6/6
5	Can the balance sheet take a hit?	***Flag***	High	5/5

Read 1 — Is the growth real? → Flag

Signal	Prior	This year	Δ	Status	Quantified impact
Consolidated Revenue	₹3,477.195 Cr	₹3,719.217 Cr	Increased 6.96%	Clean	—
Trade Receivables (Gross)	₹733.238 Cr	₹701.777 Cr	Decreased 4.29%	Clean	—
Receivables > 3 Years	₹111.274 Cr	₹125.595 Cr	Increased 12.87%	Watch	Indicates ₹14.321 Cr of additional stale dues not yet written off.
Unbilled Revenue	₹175.193 Cr	₹136.036 Cr	Decreased 22.35%	Clean	—
Revenue from Related Parties (Placement Income)	₹3,199.51 Million	₹6,225.80 Million	Increased 94.58%	Flag	Related party revenue now accounts for approx. 167% of total revenue at the standalone level.
Customer Concentration (Single External Customer)	₹230.755 Cr	₹867.615 Cr	Increased 276%	Watch	Concentration risk increased to 23.32% of total revenue.
Advances from Customers	₹43.00 Cr	₹0.00 Cr	Decreased to nil	Watch	Loss of ₹43.00 Cr in upfront cash buffer.

Mechanism: Revenue growth of 6.96% was supported by a massive 92.4% spike in related-party Placement/Marketing income from a fellow subsidiary, while core Subscription income declined by 3.77%. The quality of growth is further questioned by a significant increase in older receivables and a high level of unbilled revenue. **Aggregate impact:** Related party revenue increased by ₹3,026.29 Cr (Note 35/36C), more than accounting for the total revenue growth, while 22.27% of gross receivables are now considered high risk. **Direction:** deteriorating · **Watch next:** The 'More than 3 years' trade receivables bucket (currently ₹125.595 Cr) · **Corroborates:** insider_leakage

Read 2 — Does profit become cash? → Watch

Signal	Prior	This year	Δ	Status	Quantified impact
CFO vs clean EBITDA	101.00%	88.00%	Decreased 1300 bps	Watch	Indicates ₹45.00 Cr of operating profit did not convert to cash compared to prior year efficiency.
Pre-tax operating conversion	101.30%	89.88%	Decreased 1142 bps	Watch	Cleaned conversion (CFO + tax paid) / EBITDA shows worsening working capital efficiency.
Inventory absorption	-₹1.00 Cr	-₹3.00 Cr	Increased 200%	Clean	—
Trade Payables movement	₹952.00 Cr	₹799.00 Cr	Decreased 16.07%	Watch	₹153.00 Cr cash outflow to reduce vendor leverage.
Cash tax paid vs book tax	₹16.00 Cr / ₹15.00 Cr	₹4.00 Cr / ₹6.00 Cr	Cash tax dropped significantly	Clean	Helped conserve ₹12.00 Cr in cash vs prior year.

Mechanism: Operating cash flow declined by 20.35% despite stable EBITDA, primarily due to a significant reduction in trade payables and a sharp spike in finance costs. The company utilized its cash reserves to clear vendor dues, leading to a tightening liquidity position. **Aggregate impact:** Cash from Operating Activities fell by ₹92.00 Cr, while Trade Payables were reduced by ₹153.00 Cr. **Direction:** deteriorating · **Watch next:** Net Cash Flow (currently ₹7.00 Cr) · **Corroborates:** bs_stress

Read 3 — Is the P&L being manufactured? → Flag

Signal	Prior	This year	Δ	Status	Quantified impact
Exceptional Items	-□0.12 Cr	-□0.47 Cr	Increased 291%	Watch	Relates to goodwill impairment.
Non-operating income as % of PBT	47.16%	155.89%	Increased 10873 bps	Flag	□28.06 Cr of other income vs □18.00 Cr PBT.
Deferred Tax Assets (Consolidated)	□32.544 Cr	□35.258 Cr	Increased 8.34%	Watch	Adds non-cash support to PAT; recoverability depends on Cable segment turnaround.
Provision reversals credited to income	□21.45 Million	□30.66 Million	Increased 42.9%	Watch	Boosts PBT by □3.066 Cr.
Depreciation - STB Useful Life	5-8 Years	5-8 Years	No change	Clean	—
Accounting Policy - Audit Trail	Not enabled	Enabled March 24, 2025	—	Flag	98% of the year lacked database-level audit logs for subscriber data.

Mechanism: Net Profit was significantly supported by □28.00 Cr of Other Income (exceeding Net Profit of □12.00 Cr) and provision reversals. The Cable TV segment is now loss-making at the PBT level, suggesting the consolidated profit is sustained by non-core/other segments and non-operating items. **Aggregate impact:** Other income represents 155.5% of PBT, effectively masking a pre-tax loss from core operations. **Direction:** deteriorating · **Watch next:** Other Income as % of PBT · **Corroborates:** profit_to_cash

Read 4 — Is value leaving to insiders? → Flag

Signal	Prior	This year	Δ	Status	Quantified impact
Pay Channel Cost (Fellow Subs)	□3,951.25 Million	□8,366.48 Million	Increased 111.74%	Flag	Massive increase in dependency and cash outflow to the Reliance ecosystem.
New RPT Counterparties	—	JioStar India Private Limited	—	Watch	Accounts for □8.36 Billion in costs and □6.22 Billion in revenue.
MD Remuneration (Anirudhsinh Jadeja)	□4.41 Cr	□4.854 Cr	Increased 10%	Watch	Remuneration increased despite profit drop.
Advance to Related Party (Gujarat Television Network)	□2.220 Cr	□2.220 Cr	Stable (stale)	Watch	Outstanding for multiple years; recovery is uncertain.
Promoter Pledge	Not disclosed	Not disclosed	—	Unresolved	—
CSR Spend	□24.59 Million	□18.84 Million	Fully spent	Clean	—

Mechanism: Transactions within the Reliance ecosystem (fellow subsidiaries) have exploded, with Pay Channel Costs increasing by □441.52 Cr and Placement Income by □302.63 Cr. While circular in nature, the net outflow is increasing. MD remuneration also increased 10% despite a 66% drop in group profits. **Aggregate impact:** Net outflow to Reliance-linked fellow subsidiaries (Pay Channel Cost less Placement Income) was □2,140.68 Million. **Direction:** deteriorating · **Watch next:** Pay Channel Cost to Fellow Subsidiaries · **Corroborates:** revenue_real

Read 5 — Can the balance sheet take a hit? → Flag

Signal	Prior	This year	Δ	Status	Quantified impact
DOT Demand (AGR Dues)	₹975.415 Cr	₹975.415 Cr	Stable	Flag	85% of Group Net Worth is at risk from this single regulatory demand.
Lease Liabilities (Undiscounted)	₹98.914 Cr	₹357.879 Cr	Increased 261.8%	Flag	Increases long-term fixed cost commitments by ₹258.965 Cr.
Capital Commitments	₹306.910 Cr	₹90.406 Cr	Decreased 70.5%	Clean	Indicates a slowdown in network expansion.
Borrowing Type (Floating Rate)	₹218.251 Cr	₹222.782 Cr	Increased 2.07%	Watch	100% of debt is floating rate; 100bps hike reduces PBT by ₹2.228 Cr.
Dividend vs FCF	₹45.00 Cr / ₹67.00 Cr	₹22.00 Cr / ₹64.00 Cr	Dividend payout reduced	Clean	Prudent cash preservation given liquidity tightening.

Mechanism: The balance sheet is under extreme regulatory stress with contingent liabilities (AGR and License fees) totaling ₹1,341.14 Cr, which significantly exceeds the company's Net Worth. Furthermore, lease liabilities have surged, creating a massive long-term fixed cost burden, while liquidity is being pressured by vendor repayments. **Aggregate impact:** Contingent liabilities of ₹1,471.50 Cr (sum of DOT, GBPL, and GST/Customs) vs Net Worth of ₹1,146.32 Cr. **Direction:** deteriorating · **Watch next:** Supreme Court AGR Judgment Outcome · **Corroborates:** profit_to_cash

Material notes captured

Discloses	Prior	This year	Impact	Signal
Audit Trail feature at the database level for the Subscriber Management System was only enabled on March 24, 2025.	Not enabled	Enabled at year-end	Significant governance risk regarding data integrity for FY25 and majority of FY26.	Negative
Contingent liability for license fees on Pure Internet Services for subsidiary GBPL.	Not disclosed	₹365.724 Cr	Substantial regulatory risk in the ISP segment, not provided for.	Negative
Payables for Capital Expenditure.	₹178.032 Cr	₹170.994 Cr	Disproportionately high compared to bank debt, indicating heavy use of vendor credit for infrastructure.	Neutral
Aggressive ECL Provisioning Policy	—	—	Only 10% provision for Placement income after 180 days vs 3% for others after 90 days.	Negative
Optimistic Impairment Assumptions	—	—	Terminal growth rate of 1% and ARPU growth of 2% may overstate Cable asset values given OTT competition.	Negative

4. Management & governance

A. Auditor report & key audit matters

- **Audit Opinion:** Unqualified.
- **KAM 1: Revenue Recognition (Subscription):** Auditor flagged high data volumes and complexity of subscription plans with LCOs. IT specialists were involved to test automated controls between the Subscriber Management System (SMS) and financial records.

- **Emphasis of Matter:** Auditor highlighted Note 30(A)(ii) regarding the DoT demand for license fees (₹975.42 Cr). Management has not created a provision, relying on legal opinions.
- **Audit Trail:** A significant internal control risk was disclosed; the "Audit Trail" feature for the SMS was only enabled on March 24, 2025. For 98% of the year, direct database changes could not be logged.
- **Auditor Fees:** Total fees: ₹2.323 Cr (0.06% of consolidated revenue), suggesting high reliance on automated sampling for a complex subscriber base.

B. Related party transactions

Party	Relationship	Nature	Amount (Cr)	Concern
Jiostar India Private Limited	Fellow Subsidiary	Pay Channel Cost	1,178.495 Cr	***Extreme cost dependency***
Jiostar India Private Limited	Fellow Subsidiary	Placement Income	867.615 Cr	Massive revenue concentration
Jiostar India Private Limited	Fellow Subsidiary	Trade Payables	269.965 Cr	***Liquidity reliance on affiliate***
GTPL Broadband Pvt Ltd	Subsidiary	Equipment Lease/Rent	120.000 Cr	Inter-segment asset usage
Gujarat Television Network	Associate	Advance (Stale)	2.220 Cr	Outstanding for multiple years

- **RPT Risk:** Jiostar revenue (₹867.62 Cr) is 23.32% of total revenue and **327.36% of CFO**, signaling the company's operating cash flow is entirely dependent on related-party incentives.
- **Trend:** Jiostar costs spiked 103% YoY, while net outflow to Reliance-linked fellow subsidiaries reached ₹2,140.68 Million.

C. Shareholding

- **Promoters:** 75.00%
- **FIIs:** 7.37%
- **Public:** 6.87%
- **Pledged Shares:** 0.00%

D. Board composition + KMP compensation

- **Total Directors:** 8 (50% Independent; 1 Woman Director).
- **Managing Director (Anirudhsinh Jadeja):** Remuneration of ₹4.854 Cr (+10% YoY) despite Consolidated Net Profit crashing 74.8%.
- **Family Clustering:** The MD, Chief Supply Chain Officer (Mrs. Parul Jadeja), and Chief Business Officer (Paramveersinh Jadeja) share the same family name; the latter two received a combined ₹3.07 Cr in benefits.

F. Capital allocation & capex

Action	FY 2026 (Cr)	FY 2025 (Cr)	% of CFO	Signal
Dividends Paid	22.00 Cr	45.00 Cr	6.11	—
Capex (Fixed Assets)	297.00 Cr	385.00 Cr	82.50	—
Net Debt Increase	189.00 Cr	174.00 Cr	52.50	—
Lease Liabilities	275.00 Cr	84.00 Cr	76.39	—

- **Capex Analytical Notes:** The ratio of CFO to Capex is 1.21, but after interest and dividends, a funding gap exists, bridged by debt. Capex shifted toward Right-of-Use Assets (₹202.71 Cr), increasing fixed-cost commitments. Deployment efficiency is low; revenue grew only 6.96% against a gross block of ₹4,453 Cr.

G. Revenue recognition policy

- Subscription revenue is recognized on a time-proportionate basis. EPC contracts use **"milestone connectivity"** rather than percentage of completion based on costs, allowing for potential lumpy revenue recognition and judgment in defining milestones. This is a forensic signal of potential aggressive timing.

H. Risks

- **AGR Demand (□975.42 Cr):** Potential to wipe out 94% of Reserves; existential solvency threat.
- **Customer Concentration:** 23.32% revenue dependency on one external customer (Jiostar).
- **ISP License Fee (□365.72 Cr):** High solvency pressure on broadband subsidiary.
- **Floating Rate Debt:** 100% of debt (□222.78 Cr) is floating rate; sensitive to rate hikes.
- **Segmental Loss:** Cable TV segment PBT loss of □31.83 Cr; core legacy business is a drag.
- **Receivable Aging:** □125.60 Cr of receivables are >3 years old, creating a 22% write-off risk.

5. Scorecard & verdict

Part a: scorecard

Dimension	Rating (1–5)	Delta	Key evidence	One-line rationale
Business quality	2	↓	Cable PBT Loss □31.8 Cr; 23% Rev Conc.	Core business is loss-making and reliant on a single ecosystem.
Financial health	2	↓	Interest Coverage 0.74x; D/E increasing	Coverage below 1x and rising leverage signal high stress.
Earnings quality	1	↓	Other Income 155% of PBT; Audit Trail Gap	Profit is manufactured via non-operating items and control gaps.
Management & governance	2	↓	MD Pay +10% vs PAT -66%; High RPT	Compensation-performance decoupling and extreme Reliance dependency.
Capital allocation	2	↓	ROCE 3% vs Debt Cost; Negative FCF	Returns have fallen below cost of capital; leverage funding dividends.

Business positives * **Market Leadership:** Maintains #1 MSO position in Gujarat and #2 in West Bengal. * **Supply Chain Resilience:** Successfully pivoted to 94% domestic sourcing and institutionalized 90-day buffer stocks. * **Debt Management:** Promoter pledge remains at 0.00%. * **Working Capital:** Unbilled revenue decreased by 22.35% to □136 Cr, showing better invoicing discipline.

Business negatives / concerns * **Existential Regulatory Risk:** AGR demand of □975.42 Cr exceeds 85% of Group Net Worth. * **Core Business Failure:** Cable TV segment recorded a PBT loss of □31.83 Cr. * **Earnings Quality Flag:** Other Income (□28 Cr) is 155.5% of PBT, masking core operational losses. * **Dependency Risk:** Related party revenue (Jiostar) contributes 23.32% of revenue and 327% of CFO. * **Governance Red Flag:** Audit trail for subscriber data was missing for 98% of the year. * **Solvency Stress:** Interest coverage ratio collapsed to 0.74x. * **Asset Quality:** 22% of gross receivables are high-risk (>3 years or significantly increased credit risk).

Overall scorecard summary GTPL Hathway is on a **deteriorating trajectory**. The core Cable TV business has become value-destructive, with ROCE (3%) now trailing the cost of debt. Earnings quality is poor, as consolidated profits are entirely sustained by non-operating income and circular related-party flows. Governance is pressured by significant internal control gaps (audit trail) and a decoupling of executive pay from crashing

profitability. The company faces a binary insolvency risk from the AGR demand which its current cash flows cannot support.

Part b: governance check matrix

#	Check	Status
1	Audit opinion clean?	—
2	Promoter pledge = 0?	—
3	KMP pay < 5% of PAT?	—
4	RPT quantum < 5% of revenue?	—
5	Board > 50% independent?	—
6	At least 1 woman director?	—
7	No statutory dues outstanding?	—
8	No fraud reported?	—
9	Audit trail enabled?	—
10	Frequent Auditor change	—

Final line: "Total: 6/10 — Governance Rating: 2"

Part c: investor verdict

Thesis: GTPL Hathway has transitioned from a growth-oriented MSO into a low-margin, high-leverage captive distribution arm for the Reliance ecosystem, facing binary regulatory extinction risk. **Overall stance:** Avoid **Rationale:** Profitability has collapsed, interest coverage is below 1x, and the core business is loss-making before non-operating items. **Re-evaluate when:** Segment PBT for Cable TV turns positive and the AGR demand is settled for <□200 Cr. **BULL CASE:** Supreme Court rules in favor of MSOs on AGR, releasing □975 Cr in contingent liability. **BEAR CASE:** Adverse AGR ruling triggers immediate insolvency as demand exceeds net worth. **Key monitorable:** Interest Coverage Ratio: 0.74x → Watch threshold: <0.50x.

7. Year-over-year analysis

7.1 Changes

Metric / theme	Summary a status	Summary b status	Forensic takeaway
Margin Trajectory	12.00% OPM	11.00% OPM	Operating margins continue a structural decline as pay channel costs outpace revenue growth.
Interest Coverage	2.1x Coverage	0.74x Coverage	The collapse below unity signifies a critical inability to service debt obligations from current operating profits.
Capital Efficiency	6.00% ROCE	3.00% ROCE	The halving of ROCE confirms that the company's reinvestment strategy has become fundamentally value-destructive.
Capital Allocation	Self-funded Capex (CFO > Capex)	Debt/Lease-funded (CFO < Capex + Int + Div)	The transition to debt and off-balance-sheet lease financing indicates a sharp tightening of internal liquidity.
Working Capital Anomaly	□111 Cr Receivables > 3 Years	□125 Cr Receivables > 3 Years	Stale receivables are accumulating faster than the headline collection rate, signaling a breakdown in historical debt recovery.
Management Tone	Infrastructure & Technological Pivot	Pop-culture branding ("Top Gun" metaphors)	Management is adopting highly promotional narratives to potentially distract from the 66% collapse in consolidated net profit.
Audit & Controls	Controls stated as adequate	Audit trail disabled for 98% of the year	The lack of database-level logs for the majority of the period creates significant risk regarding the integrity of subscriber data.

7.2 Persistent patterns

- **The □975.42 Cr DoT AGR demand remains a systemic "Sword of Damocles," representing an existential solvency threat that exceeds the majority of the company's Net Worth.**
- **High operational and financial dependency on the Reliance/Jiostar ecosystem persists, with the group acting as the primary source of both content costs and placement revenue.**
- **Broadband remains the sole structural growth engine, consistently providing the only profitable segment to offset deepening losses in the legacy Cable TV business.**
- The use of aggressive 5-8 year depreciation cycles for Set-Top Boxes continues despite the rapid technological shift toward OTT and cloud-based distribution.
- **A persistent disconnect exists between executive rewards and performance, with MD compensation increasing even as consolidated profitability and return ratios crash.**
- **Significant cash remains "trapped" in government authorities and payments under protest (over □1,100 Cr), acting as a permanent and unproductive drag on the balance sheet.**
- The company continues to maintain a dividend payout policy that appears unsustainable given the collapse in free cash flow and rising interest burdens.