GTPL Hathway Ltd — FY 2025 Annual Report Analysis

Annual Report Analysis (Consolidated)

Source: CRORES. All figures Crores. Pipeline: v5-Gemini — W1a → W3 → W1b+W2+W2F (parallel, notes-injected) → Merge.

Investor Snapshot

#	Analytical Point	Sentiment
1	**GTPL Hathway maintains a dominant market position with 82% of revenue from Cable and a growing Broadband base of 1.045 million active subscribers.**	□
2	***Revenue grew 8.24% to 3,477 Cr, yet 45% of this is comprised of Placement & Marketing income, indicating high dependency on broadcaster incentives and limited core pricing power.***	□
3	***Operating margins are under severe pressure as Pay Channel expenses rose 15%, leading to a 55% collapse in Net Profit to just 49 Cr.***	□
4	***Return on Capital Employed (ROCE) halved from 12% to 6%, falling below the cost of debt and signaling value-destructive reinvestment.***	□
5	***The balance sheet is strained by 2,182 Cr in debt, 95% of which is floating rate, leaving the company highly vulnerable to interest rate volatility.***	□
6	**Cash Flow from Operations (CFO) remains healthy at 452 Cr, though it is largely driven by payables rather than collections.**	□
7	**The company has returned to a self-funded infrastructure cycle, with CFO successfully covering the 385 Cr annual Capex requirement.**	□
8	***Earnings quality is compromised by a 34.6% surge in Trade Receivables, with 1,112 Cr (nearly 32% of revenue) now aged over three years.***	□
9	***Governance concerns are rising due to a 7x surge in RPT Payables to 3,302 Cr and a lack of transparency regarding Managing Director remuneration.***	□
10	***The company faces a systemic solvency threat from contingent liabilities (AGR and ISP demands) exceeding 13,000 Cr, which is >11x the total Net Worth.***	□
11	**Strategic pivot toward "STB-less" TVKey Cloud technology with Samsung offers a potential path to reduce future capital intensity and improve long-term FCF.**	□
12	***Investment View: WATCH; stance is cautious pending stabilization of operating margins and a material reduction in the stale receivable cycle.***	□

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1. BUSINESS OVERVIEW (In Bullet Points)

- **Business Segments:** GTPL Hathway operates primarily in two segments: Digital Cable Television (82.31% of revenue) and High-Speed Broadband (15.77% of revenue), with a minor presence in EPC/O&M projects (2.38%).
- **Revenue Drivers:** Growth is increasingly driven by **Placement and Marketing Income** (45.13% of total revenue) and Broadband subscriber expansion, while direct consumer subscription income has shown signs of stagnation.

- **Cost Drivers:** The primary cost driver is **Pay Channel Expenses**, which rose 15.29% YoY, significantly outpacing revenue growth. Other major costs include bandwidth charges, LCO commissions, and business support outsourcing.
- **Industry Position:** GTPL is a leading Multi-System Operator (MSO) in India with a dominant position in Gujarat and a growing national footprint.
- **Expansion Plans:** The company is pivoting toward an "Experience" model ($E=mc^2$), focusing on "STB-less" technology (TVKey Cloud) and content aggregation (Broadband + OTT + Gaming).
- **Capacity Additions:** Reached **5.95 million home-passes** for broadband and **1.045 million active broadband subscribers**.
- **Geographical Presence:** Active across **26 states** in India, maintaining an asset-light entry strategy through Local Cable Operators (LCOs).
- **Strategic Acquisitions:** The company continues to consolidate its position through small-scale acquisitions and maintaining operational control over entities like DL GTPL Cabnet despite minority equity stakes.

2. MANAGEMENT COMMENTARY & OUTLOOK

- Management has introduced the **"$E=mc^2$"** (Experience = Media × Connectivity^2) branding, signaling a shift from being a mere infrastructure provider to a digital service aggregator.
- The launch of **TVKey Cloud** with Samsung is highlighted as a game-changer, aimed at reducing capital intensity by eliminating physical Set-Top Boxes (STBs).
- Broadband is positioned as the primary growth engine, with a focus on building a "walled garden" of services including OTT and gaming to prevent cord-cutting.
- Management remains committed to the Local Cable Operator (LCO) model, viewing them as the "backbone" for rapid, asset-light geographic expansion.
- The implementation of **Oracle Fusion ERP** and **GenieATM** is intended to drive digital efficiency, improve collections, and reduce network leakage.
- The company is actively "de-risking" its supply chain by increasing sourcing from Indian MSMEs (up to 14%) to reduce reliance on Chinese hardware.
- Management expresses high optimism regarding "unfolding possibilities" in the digital space, though commentary remains silent on specific mechanics to resolve the aging receivable crisis with LCOs.
- The long-term vision focuses on becoming a software-led OPEX model rather than a hardware-heavy CAPEX model to improve Free Cash Flow.
- **Management Tone:** The tone is highly aspirational and optimistic, focusing heavily on technological pivots and geographic reach. However, there is a visible disconnect between this narrative and the operational reality of margin compression, rising content costs, and a deteriorating receivable cycle. The verdict is a □ **Aspirational** tone that lacks granular detail on fixing structural financial stresses.

3. FINANCIAL ANALYSIS

3.1 Financial Statements

Source: Screener.in — all monetary values in Crores. Use these numbers directly.

P&L Statement (₹Crores)

Line Item	Mar 2025	Mar 2024
Sales -	3,477.00	3,212.00
Sales Growth %	8.24	20.59
Expenses -	3,045.00	2,735.00
Manufacturing Cost %	73.00	71.00
Employee Cost %	5.00	5.00
Other Cost %	10.00	10.00
Operating Profit	432.00	477.00
OPM %	12.00	15.00
Other Income -	30.00	34.00
Exceptional items	-0.12	0.21
Other income normal	30.18	33.34
Interest	30.00	23.00
Depreciation	369.00	337.00
Profit before tax	64.00	151.00
Tax %	23.00	26.00
Net Profit -	49.00	112.00
Profit from Associates	0.00	0.00
Minority share	-1.00	-5.00
Exceptional items AT	0.00	0.00
Profit excl Excep	49.00	112.00
Profit for PE	48.00	107.00
Profit for EPS	48.00	107.00
Profit Growth %	-55.00	-15.00
EPS in Rs	4.26	9.51
Dividend Payout %	47.00	42.00

Balance Sheet (₹ Crores)

Line Item	Mar 2025	Mar 2024
Equity Capital	112.00	112.00
Reserves	1,051.00	1,047.00
Borrowings -	313.00	288.00
Long term Borrowings	56.00	58.00
Short term Borrowings	172.00	170.00
Lease Liabilities	84.00	60.00
Other Borrowings	0.00	0.00
Other Liabilities -	1,759.00	1,571.00
Non controlling int	129.00	127.00
Trade Payables	952.00	715.00
Advance from Customers	43.00	40.00
Other liability items	635.00	689.00
Total Liabilities	3,236.00	3,019.00
Fixed Assets -	2,058.00	2,029.00
Land	4.00	4.00
Building	96.00	92.00
Plant Machinery	3,089.00	2,826.00
Equipments	15.00	14.00
Computers	56.00	54.00
Furniture n fittings	38.00	37.00
Vehicles	10.00	11.00
Intangible Assets	348.00	332.00
Other fixed assets	796.00	726.00
Gross Block	4,453.00	4,096.00
Accumulated Depreciation	2,396.00	2,067.00
CWIP	118.00	88.00
Investments	12.00	11.00
Other Assets -	1,048.00	891.00
Inventories	25.00	24.00
Trade receivables -	588.00	437.00
Receivables over 6m	280.00	304.00
Receivables under 6m	453.00	262.00
Prov for Doubtful	-145.00	-129.00
Cash Equivalents	116.00	149.00
Loans n Advances	66.00	53.00
Other asset items	253.00	227.00

Line Item	Mar 2025	Mar 2024
Total Assets	3,236.00	3,019.00

Cash Flow Statement (Crores)

Line Item	Mar 2025	Mar 2024
Cash from Operating Activity -	452.00	455.00
Profit from operations	463.00	506.00
Receivables	-164.00	-147.00
Inventory	-1.00	18.00
Loans Advances	6.00	0.00
Other WC items	132.00	110.00
Working capital changes	-27.00	-18.00
Direct taxes	16.00	-33.00
Cash from Investing Activity -	-380.00	-477.00
Fixed assets purchased	-385.00	-472.00
Fixed assets sold	0.00	0.00
Investments purchased	0.00	0.00
Investments sold	0.00	0.00
Interest received	12.00	10.00
Investment in group cos	0.00	0.00
Redemp n Canc of Shares	0.00	0.00
Acquisition of companies	0.00	-25.00
Other investing items	-7.00	9.00
Cash from Financing Activity -	-111.00	-48.00
Proceeds from shares	0.00	0.00
Proceeds from borrowings	75.00	113.00
Repayment of borrowings	-75.00	-53.00
Proceeds from deposits	0.00	0.00
Interest paid fin	-30.00	-22.00
Dividends paid	-45.00	-45.00
Financial liabilities	-34.00	-22.00
Other financing items	-2.00	-18.00
Net Cash Flow	-39.00	-70.00
Free Cash Flow	67.00	-17.00
CFO/OP	101.00	102.00

Key Ratios (₹ Crores)

Line Item	Mar 2025	Mar 2024
Debtor Days	62.00	50.00
Inventory Days	0.00	0.00
Days Payable	0.00	0.00
Cash Conversion Cycle	62.00	50.00
Working Capital Days	-100.00	-112.00
ROCE %	6.00	12.00

3.2 Financial Analysis Summary

- **Revenue** grew by **8.24%** to **₹3,477.00 Cr**, primarily driven by the Cable Television segment, though growth slowed significantly from **20.59%** in the prior year; top-line expansion is increasingly dependent on **Placement / Marketing Income**, which now accounts for **45.13%** of total **Revenue**.
- **Operating Profit** declined to **₹432.00 Cr** as **OPM %** contracted from **15.00%** to **12.00%**, largely due to **Pay Channel Expenses** rising by **15.29%**, which significantly outpaced **Revenue** growth and indicates an inability to pass on rising content costs to subscribers.
- **Net Profit** plummeted by **55.00%** to **₹49.00 Cr**, further pressured by a **30.43%** increase in **Finance Cost** to **₹30.00 Cr** and a **9.50%** rise in **Depreciation** to **₹369.00 Cr**, the latter reflecting a **Gross Block** expansion to **₹4,453.00 Cr**.
- **Trade Receivables** surged by **34.57%** to **₹588.00 Cr**, far exceeding the **8.24% Revenue** growth and causing **Debtor Days** to deteriorate from **50** to **62**, which is reflected in a **-₹164.00 Cr** cash outflow in the **CFO** section.
- **Balance Sheet** quality is strained by aging debt, with **₹1,112.74 Cr** of **Trade Receivables** aged over 3 years, while the **Allowance for Credit Losses** nearly doubled to **₹155.34 Cr** to account for deteriorating collection quality from local cable operators.
- **Working Capital** management relied heavily on stretching **Trade Payables**, which jumped to **₹952.00 Cr**, effectively acting as a source of liquidity to offset the **₹1,048.00 Cr** tied up in **Other Assets**, including **₹892.27 Cr** trapped in "Balance with Government Authorities."
- **Total Debt** (Borrowings) increased to **₹313.00 Cr**, with a high concentration of **Short term Borrowings** (**₹172.00 Cr**) and **Lease Liabilities** (**₹84.00 Cr**) creating a liquidity mismatch against a **Cash Equivalents** balance of only **₹116.00 Cr**.
- **Finance Cost** of **₹30.00 Cr** is highly sensitive to interest rate volatility as **₹2,182.51 Cr** of debt is on floating rates, leading to a sharp decline in **Interest Coverage** from **6.09x** to **2.10x**.
- **CFO** remained stable at **₹452.00 Cr** despite falling profits, primarily because non-cash **Depreciation** (**₹369.00 Cr**) and increased **Trade Payables** offset the spike in **Trade Receivables**, resulting in a high **CFO / PAT** ratio of **9.22**.
- **Capital Allocation** was focused on network upgrades with **Fixed assets purchased** totaling **₹385.00 Cr**, which consumed **85%** of **CFO**, leaving a modest **Free Cash Flow** of **₹67.00 Cr** to fund **Dividends paid** of **₹45.00 Cr**.
- **ROCE %** halved from **12.00%** to **6.00%** and **ROE %** fell to **4.21%**, indicating that the **₹4,453.00 Cr Gross Block** is not yet generating sufficient incremental **Net Profit** to maintain historical return levels.
- **Related Party Transactions** show increasing operational integration with the Reliance ecosystem, as **Trade Payables** to related parties surged to **₹3,302.12 Cr** and pay channel costs to fellow subsidiaries more than doubled.

- **Other Assets** are heavily impacted by **₹892.27 Cr** in "Balance with Government Authorities" and **₹253.21 Cr** in "Payment made under Protest," representing over **₹1,145 Cr** of trapped cash that acts as a significant drag on liquidity.
- **Other Expenses** are dominated by **Commission Expenses** (**₹1,142.48 Cr**) and **Business Support Outsourcing** (**₹791.88 Cr**), which represent nearly 50% of other costs and reflect the structural high-cost nature of the LCO-led business model.
- **GTPL Hathway's financial year was characterized by a sharp compression in profitability and return ratios as rising content costs and interest burdens outpaced moderate revenue growth, while cash flows were increasingly absorbed by a slowing receivable cycle and high maintenance capex.**

3.3 Contingent Liabilities & Commitments

- **AGR Demand (DoT): ₹9,754.15 Cr** demand related to Adjusted Gross Revenue by including cable TV revenue. This magnitude is nearly 10x annual profit and remains a catastrophic tail risk.
- **ISP License Fee (PIS):** A new contingent liability of **₹3,234.23 Cr** recognized for ISP license fees on Pure Internet Services following DoT amendments.
- **Customs Matters: ₹839.25 Cr** related to Set-Top Boxes.
- **Income Tax & Service Tax:** Combined disputes totaling **₹714.10 Cr**.
- **Capital Commitments: ₹3,069.10 Cr** in outstanding commitments for network expansion and upgrades.
- **Total Impact:** Combined regulatory contingent liabilities exceed **₹13,000 Cr**, which is more than **11x the company's Net Worth (₹1,163 Cr)**, posing a systemic solvency risk.

3.9 Earnings Quality & Forensic Checks

#	Check	Impact	Status	Evidence	Notes Detail
1	PAT vs CFO trend	Profit ↓ — earnings overstate cash; CFO of □452 Cr barely covers □385 Cr capex.	□	PAT □49 Cr vs CFO □452 Cr; FCF □67 Cr.	CFO/OP at 101% looks healthy, but high capex limits actual liquidity.
2	Receivables & channel-stuffing signal (receivables + inventory build vs revenue)	Revenue ↑↓ — potential overstatement; receivables grew 34.6% vs sales growth of only 8.2%.	□	Receivables □588 Cr (FY25) vs □437 Cr (FY24); Sales □3,477 Cr.	Note 8.1: □1,112.74 Cr receivables aged >3 years suggests persistent collection issues.
3	Revenue timing (unbilled / contract assets + deferred revenue / advances)	Revenue ↑ — aggressive recognition; unbilled revenue of □1,751 Cr represents 23.9% of total.	□	Unbilled: □1,751.93 Cr; Deferred Revenue: □2,620.91 Cr.	Note 1.5.1: STB activation recognized immediately while rent is deferred over 5 years.
4	Revenue from related parties %	Revenue ↑↓ — high concentration; single customer (Reliance/Star) exceeds 10% of total revenue.	□	RPT Marketing Income: □4,485.80 Cr (Fellow Subs).	Note 34.3: Increased reliance on broadcaster incentives rather than direct consumer subscriptions.
5	Inventory vs revenue growth	Neutral — inventory is immaterial for this service-led business model (0.7% of sales).	□	Inventory □25 Cr (FY25) vs □24 Cr (FY24); Sales □3,477 Cr.	Note 2.1: Inventories primarily consist of STBs and cables for network maintenance.
6	Inventory valuation method change	Neutral — no change in valuation policy; STBs valued at lower of cost or NRV.	□	Inventory remains stable at □25 Cr.	Note 1.8: Standard FIFO/ Weighted Average cost method applied consistently.
7	Exceptional items in operating profit	Profit ↑↓ — negligible impact; exceptional loss of □0.12 Cr is non-material to operations.	□	Exceptional items: -□0.12 Cr (FY25) vs □0.21 Cr (FY24).	P&L shows these are handled below the operating profit line.
8	Depreciation rate vs useful life policy	Profit ↑ — aggressive policy; 5-8 year STB life is longer than industry peers.	□	Depreciation: □369 Cr; Gross Block: □4,453 Cr.	Note 1.9.1: Longer useful life reduces annual depreciation charge, boosting reported PAT.
9	Provision reversals boosting PAT	Profit ↓ — deteriorating quality; credit loss allowance doubled, reducing PAT by □155 Cr.	□	Allowance for Credit Losses: □155.34 Cr vs □82.28 Cr.	Note 29: Higher provisioning reflects aging receivables and LCO collection risks.
10	Tax rate consistency + cash tax vs P&L tax	Profit ↑ — non-cash tax benefit; 23% ETR is lower than statutory 25.17% rate.	□	Tax %: 23.00; Direct Taxes (CFO): □16.00 Cr.	Cash tax paid is lower than P&L tax, suggesting timing differences in depreciation.
11	CWIP age and stalling projects	Profit ↓ — capital risk; CWIP increased 34% to □118 Cr, indicating ongoing expansion.	□	CWIP: □118 Cr (FY25) vs □88 Cr (FY24).	Note 30(B): Massive capital commitments of □3,069 Cr suggest heavy future cash needs.
12	Deferred tax asset recognition adequacy	Profit ↑ — liquidity drag; □1,145 Cr trapped in govt balances and protest payments.	□	Balance with Govt: □892.27 Cr; Protest Payments: □253.21 Cr.	Note 13: Significant cash locked in regulatory disputes rather than productive assets.

#	Check	Impact	Status	Evidence	Notes Detail
13	RPT quantum and trend	Profit ↑↓ — circularity risk; RPT payables surged 7x to □3,302 Cr from fellow subs.	□	RPT Payables: □3,302.12 Cr vs □471.92 Cr.	Note 36: Increasing interdependence with Reliance/Star ecosystem for content and bandwidth.
14	Dividend paid vs FCF adequacy	Neutral — sustainable payout; □45 Cr dividend is covered by □67 Cr FCF.	□	Dividend: □45 Cr; Free Cash Flow: □67 Cr.	Payout ratio increased to 47% despite 55% drop in net profit.
15	Auditor KAM: Revenue Recognition	Revenue ↑↓ — Verification risk; significant judgment required for broadcaster contracts.	□	KAM 1: Placement and Marketing Income verification.	Automated controls implemented but manual reconciliation remains high-risk.
16	Auditor KAM: ECL on Receivables	Profit ↓ — Valuation risk; high judgment in estimating provisions for LCO dues.	□	KAM 2: Provision matrix based on historical default rates.	Stale balances >3 years (□1,112 Cr) suggest historical overstatement.
17	Accounting Policy: Amortization	Profit ↑ — Aggressive amortization; Franchisee rights amortized up to 20 years.	□	Note 1.10.2: 5-20 year range for intangible assets.	20-year limit is aggressive given rapid technological obsolescence (OTT).
18	Accounting Policy: Deferred Acquisition Costs	Profit ↑ — Expense smoothing; sales commissions capitalized and deferred over 5 years.	□	Note 1.5.1(j): Capitalization of customer acquisition costs.	Risks future impairments if churn rates exceed management estimates.

4. MANAGEMENT & GOVERNANCE

A. Auditor Report & Key Audit Matters - **Audit opinion type:** Unqualified. - **Key Audit Matters (KAMs):** - **KAM 1: Revenue Recognition (Placement and Marketing Income):** Auditor flagged significant judgment in verifying contractual terms with numerous broadcasters. Management implemented automated controls and periodic reconciliations. - **KAM 2: Expected Credit Loss (ECL) on Trade Receivables:** Auditor noted high judgment in estimating provisions for long-outstanding dues from Local Cable Operators (LCOs). Management maintains a provision matrix based on historical default rates. - **KAM 3: Revenue Recognition (EPC Contracts):** Focus on the "output method" for Bharat Net Phase II. Auditor verified percentage of completion against milestones. - **Internal Financial Controls:** Stated as adequate and operating effectively. - **Auditor:** M/s. Deloitte Haskins & Sells (re-appointed for 5 years in 2022).

B. Related Party Transactions | Party | Relationship | Nature | Amount (Cr) | Concern | |:---|:---|:---|:---|:---| | ***Fellow Subsidiaries (Reliance/Star)*** | Promoter Group | Pay Channel Cost | 578.31 Cr | ***High operational dependency*** | | **Fellow Subsidiaries (Reliance/Star)** | Promoter Group | Placement/Marketing Income | 448.58 Cr | Significant revenue source | | ***Fellow Subsidiaries (Reliance/Star)*** | Promoter Group | Trade Payables | 330.21 Cr | ***Liquidity reliance*** | | **Fellow Subsidiaries (Reliance/Star)** | Promoter Group | Trade Receivables | 176.68 Cr | Ecosystem collection risk | | **Reliance Jio Infocomm** | Fellow Subsidiary | Bandwidth & Lease | 33.92 Cr | Operational integration |

- **RPT Risk Checks:** Placement income from RPTs represents **12.90% of Revenue** and **99.24% of CFO**, signaling extreme cash flow dependency on group entities.
- **Trend:** Increasing; RPT payables jumped from □47.19 Cr to □330.21 Cr (7x increase).
- **Verdict: Monitor** □— While at arm's length, the spike in payables and the fact that RPT placement income covers nearly 100% of CFO signals a lack of independent bargaining power.

C. Shareholding | Mar 2025 | Mar 2024 | |:---|:---|:---| | **Promoters** | 75.00% | | **FIIs** | 6.85% | | **DIIs** | 4.54% | | **Public** | 13.61% | - **Pledged Shares:** 0.00%.

D. Board Composition + KMP Compensation - **Total Directors:** 8 | **Independent %:** 50% | **Women Directors:** 1 (Mrs. Divya Momaya). - **KMP Compensation:** Specific FY25 remuneration for the MD (Anirudhsinh Jadeja) and WTD (Amit Shah) was not disclosed in the main report, requiring members to write to the company. - **YoY Analysis:** In FY24, MD pay grew 9% despite a 10% PAT decline. - **Internal Pay Gap:** KMP Median (□9.95 Lakhs) vs. Employee Median (□0.50 Lakhs) shows a 20x gap.

F. Capital Allocation & Capex | Action | FY Current (Cr) | FY Prior (Cr) | % of CFO | Signal | |:---|:---|:---|:---|:---| | **Dividends** | 45.00 Cr | 45.00 Cr | 9.96 | □| | ***Capex*** | 385.00 Cr | 472.00 Cr | 85.18 | ** | | ***Net Debt Change*** | 25.00 Cr | 139.00 Cr | 5.53 | □| | ***Interest Payments*** | 30.00 Cr | 22.00 Cr | 6.64 | □|

- **CAPEX Analytical Notes:**
  - **CFO Coverage of Capex**: Ratio is 1.17; the company is self-funding its infrastructure cycle this year.
  - **Nature of Capex**: Primarily **Plant & Machinery (□3,089.00 Cr gross block)** for network upgrades.
  - **Deployment Efficiency**: Revenue growth slowed to 8.24% despite massive historical capex, leading to a **50% drop in ROCE**.
  - **Key Takeaways**: **The □11.8 Cr in CWIP** suggests ongoing projects, but efficiency is declining.

H. Risks - ***AGR Demand (975.42 Cr)***: Catastrophic tail risk that could wipe out 93% of Reserves. - ***ISP License Fee (323.42 Cr)***: Additional solvency pressure from new regulatory demands. - ***Receivable Quality***: 15.18% of receivables are >3 years old (**□111.27 Cr** at risk), signaling collection breakdown. - ***Interest Rate Risk***: 95% of debt (**□2,182.51 Cr**) is floating rate; 100bps rise hits PBT by □21.83 Cr. - ***Concentration Risk***: Single customer (Reliance/Star) >10% of revenue; high ecosystem dependency.

5. SCORECARD & VERDICT

Part A: Scorecard

Dimension	Rating (1–5)	Delta	Key Evidence	One-line Rationale
Business Quality	3	→	82% revenue from Cable; 45% from Placement Income.	Stable demand but limited pricing power and high dependency on broadcaster incentives.
Financial Health	2	↓	Interest Coverage 2.1x; ROCE 6%; Floating debt □2,182 Cr.	Profitability halved and interest burden rising; high sensitivity to rate hikes.
Earnings Quality	2	↓	Receivables >3yrs □1,112 Cr; CFO/PAT 9.2x driven by payables.	High stale receivables and aggressive STB depreciation/amortization policies.
Management & Governance	3	↓	RPT Payables 7x increase; MD pay transparency gap.	Increasing ecosystem dependency and reduced disclosure transparency on KMP pay.
Capital Allocation & Earnings Visibility	2	↓	ROCE 6% < Cost of Debt; Capex 85% of CFO.	Value-destructive reinvestment as returns fall below the cost of capital.

BUSINESS POSITIVES (for this company this year) * **□[Technological Pivot]** : Launch of **TVKey Cloud** with Samsung potentially shifts the model from CAPEX-heavy to OPEX-led. * **□[Broadband Growth]** : Reached **1.045 million active subscribers** and **5.95 million home-passes**, building a digital "walled garden." * **□[Self-Funding Capex]**: **CFO of □452 Cr** successfully covered **□385 Cr in Capex** , returning to a self-funded infrastructure cycle. * □**[Supply Chain De-risking]** : Increased domestic MSME sourcing to **14%**, reducing reliance on Chinese hardware.

BUSINESS NEGATIVES / CONCERNS (for this company this year) * □**[Profitability Collapse]** : **Net Profit plummeted 55%** to □49 Cr due to rising content costs and interest burdens. * □**[Receivable Stress]** : **Trade Receivables grew 34.6%** vs 8.2% sales growth; **□1,112 Cr** in receivables are aged >3 years. * □**[Regulatory Tail Risk]**: Combined **AGR and ISP demands exceed □13,000 Cr** , which is >11x the company's Net Worth. * □ **[Ecosystem Dependency]**: **RPT Payables surged 7x** to □3,302 Cr; Placement income from RPTs represents **99% of CFO**. * □**[Efficiency Decline]** : **ROCE halved from 12% to 6%**, indicating that massive historical capex is not yielding incremental returns.

OVERALL SCORECARD SUMMARY GTPL Hathway is in a precarious transition phase where its technological pivot toward a "STB-less" model is overshadowed by deteriorating financial health. The company's profitability has halved, and its return ratios (ROCE 6%) have fallen below the likely cost of capital, signaling value destruction. Governance is clouded by an extreme and increasing dependency on the Reliance/Star ecosystem for both revenue and liquidity, alongside a massive regulatory contingent liability that poses a systemic solvency threat. The trajectory is **deteriorating** due to the breakdown in the receivable cycle and the inability to pass on rising content costs.

Part B: Governance Check Matrix

#	Check	Status	Evidence
1	Audit opinion clean?	□	Unqualified opinion (p.38).
2	Promoter pledge = 0?	□	0.00% pledged.
3	KMP pay < 5% of PAT?	□	MD pay not disclosed for FY25; FY24 pay was ~4% of PAT.
4	RPT quantum < 5% of revenue?	□	Placement income from RPTs is 12.90% of revenue.
5	Board > 50% independent?	□	50% (4 out of 8 directors).
6	At least 1 woman director?	□	Mrs. Divya Momaya.
7	No statutory dues outstanding?	□	Stated as adequate in Board report.
8	No fraud reported?	□	None reported.
9	Audit trail enabled?	□	Confirmed in auditor report.
10	Frequent Auditor change	□	None; Deloitte re-appointed in 2022.
Final line: "Total: 8/10 □— Governance Rating: 3"			

Part C: Investor Verdict

THESIS: GTPL is a dominant but low-margin distribution arm of the Reliance ecosystem, currently facing a profitability squeeze and a massive regulatory overhang.

OVERALL STANCE: WATCH

RATIONALE: While the broadband pivot and STB-less technology are promising, the collapse in ROCE and the □13,000 Cr contingent liability make the risk-reward unfavorable at current levels. RE-EVALUATE WHEN: Debtor Days reduce below 50 AND OPM stabilizes above 15%. BULL CASE: Successful national rollout of TVKey

Cloud leads to a 30% reduction in annual Capex and FCF expansion to >₹200 Cr. BEAR CASE: Enforcement of the ₹9,754 Cr AGR demand or a further 200bps compression in OPM due to broadcaster price hikes. KEY MONITORABLE: Trade Receivables > 3 years: ₹1,112 Cr → Watch for any further increase or massive write-offs.

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7. YEAR-OVER-YEAR ANALYSIS

7.1 Changes

Metric / Theme	Summary A Status	Summary B Status	Forensic Takeaway
Margin Trajectory	15.00% OPM	12.00% OPM	Operating margins are in a structural downtrend as pay channel costs (up 15%) significantly outpace moderate revenue growth.
Capital Efficiency (ROCE)	12.00% ROCE	6.00% ROCE	Reinvestment has become value-destructive as returns have fallen below the likely cost of capital.
Receivable Quality	50 Debtor Days	62 Debtor Days	The collection cycle is breaking down, with receivables growing at 4x the rate of sales growth.
RPT Liquidity Reliance	₹36.56 Cr Trade Payables (TV18)	₹330.21 Cr RPT Payables	A seven-fold spike in related-party payables indicates the company is increasingly using the promoter ecosystem to fund its cash shortfall.
Earnings Momentum	-10.4% Net Profit Growth	-55.0% Net Profit Growth	The rate of bottom-line erosion has accelerated sharply due to the combination of margin compression and rising interest costs.
Revenue Composition	39% Placement/ Marketing Income	45% Placement/ Marketing Income	The business model is shifting away from consumer subscriptions toward a volatile B2B advertising and incentive-led revenue stream.
Management Tone	Transition-led infrastructure focus	Aspirational "E=mc2" branding	Management is adopting more abstract, tech-heavy narratives to pivot away from the deteriorating financial realities of the legacy cable business.

7.2 Persistent Patterns

- **The ₹975.42 Cr DoT AGR demand remains a systemic "sword of Damocles" risk, representing nearly 100% of the company's Net Worth across both periods.**
- **Management maintains a rigid ₹45 Cr dividend payout policy, prioritizing shareholder yield even when Net Profit plummets by 55% and free cash flow is strained.**
- **High operational dependency on the Reliance/Star ecosystem persists, with the group acting as both the largest content supplier and a primary source of placement revenue.**
- **Broadband remains the sole structural growth engine, consistently delivering subscriber expansion while the cable segment faces severe margin pressure.**
- **The use of aggressive 8-year depreciation cycles for Set-Top Boxes continues to potentially understate the impact of technological obsolescence from OTT and cloud-based shifts.**
- **A persistent disconnect exists between executive rewards and performance, with KMP compensation remaining high or growing despite a collapse in return ratios (ROCE/ROE).**

- **The company continues to carry massive "trapped cash" balances (over 1,100 Cr) in government authorities and payments under protest, acting as a permanent drag on liquidity.**

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