GTPL Hathway Ltd — FY 2024 Annual Report Analysis

Annual Report Analysis (Consolidated)

Investor Snapshot

#	Analytical point	Sentiment
1	**GTPL Hathway maintains a dominant regional MSO position while aggressively scaling into a national ISP, achieving a 20.59% revenue increase to □3,212 Cr through geographic expansion and acquisitions.**	—
2	**Broadband operations reached a milestone of 1 million active subscribers, with 75% of homepasses now "FTTX ready," creating significant infrastructure for low-cost future subscriber additions.**	—
3	***Operating Profit Margins (OPM) compressed from 18% to 15% as a 26% spike in Pay Channel expenses outpaced revenue growth, highlighting a lack of pricing power against broadcasters.***	—
4	***Profitability is under pressure with PAT declining 15% to 112 Cr, driven by margin contraction and a rise in interest costs associated with increased borrowing.***	—
5	***Total debt surged 93% to 288 Cr to bridge the funding gap between operations and investment, with 98% of this debt on a floating rate basis, increasing sensitivity to interest rate hikes.***	—
6	***The company turned Free Cash Flow (FCF) negative at - 17 Cr as Cash Flow from Operations (455 Cr) failed to cover intensive capital requirements.***	—
7	***Aggressive Capex of 472 Cr is currently diluting capital efficiency, evidenced by ROCE falling from 15% to 12%, indicating that recent deployments are not yet yielding incremental returns.***	—
8	***Earnings quality is deteriorating as Trade Receivables grew 49.7% (more than double the sales growth rate), with 51% of net receivables now outstanding for over one year.***	—
9	Governance remains stable with a 75% promoter holding and zero pledges, though high ecosystem dependency exists with 39.5% of revenue derived from Placement/Marketing income.	—
10	***A massive contingent liability of 975.42 Cr regarding DoT license fees represents nearly 100% of Net Worth, posing a structural solvency risk in the event of an adverse legal ruling.***	—
11	The strategic pivot to a "STB-less" model via TVKey Cloud with Samsung aims to structurally reduce future capital intensity and eliminate set-top box subsidies.	—
12	Investment View: Watch; while the broadband scale-up is sound, the stance remains cautious until FCF turns positive and aged receivables (>1 year) drop below 30% of the total.	—

1. Business overview

- **Business Segments:** GTPL Hathway operates as a national digital infrastructure player with two primary engines: Digital Cable TV (9.5 Mn active subscribers) and High-Speed Broadband (1.02 Mn subscribers).
- **Revenue Drivers:** Cable TV growth is driven by geographic expansion (added 550k subscribers YoY) into Delhi, Haryana, and Uttarakhand. Broadband serves as the margin engine, crossing 1 million subscribers (11% growth).
- **Cost Drivers:** Major costs include Pay Channel Expenses (55.98% of revenue) and infrastructure maintenance. The company is shifting toward "STB-less" delivery via TVKey Cloud to reduce hardware subsidy costs.

- **Industry Position:** Largest MSO in India with a dominant position in Gujarat and aggressive expansion into 23 states.
- **Expansion Plans:** Strategic focus on "North-East, Delhi, and Southern" clusters to de-risk from regional cycles.
- **Acquisitions:** Increased stake in Metro Cast Network India from 34.34% to 50.10%, making it a subsidiary to consolidate the fragmented MSO market.
- **Capacity Additions:** 75% of 5.8 million homepasses are "FTTX ready," allowing for subscriber additions with minimal incremental fiber rollout capex.
- **Segment Performance:** Placement/Marketing income grew 32.79% YoY, now accounting for 39.46% of total revenue, while Subscription income rose 14.53%.
- **Geographical Presence:** Operating across 23 states, transitioning from a regional Gujarat-heavy player to a national provider.

2. Management commentary & outlook

- Management has pivoted the narrative from "infrastructure building" to "experience crafting," focusing on the convergence of data and video through an "E=mc2" (Maximum Content + Maximum Connectivity) strategy.
- The company is leaning into a hybrid delivery model, using celebrity partnerships (Kartik Aaryan, Rashmika Mandanna) to premiumize the brand from a utility-grade LCO partner to a consumer brand.
- Broadband ARPU remained constant at □460; management is prioritizing market share defense and volume growth over price hikes to counter aggressive competition from JioFiber and Airtel Xstream.
- The deployment of GenieATM and Oracle Fusion ERP signals a move toward a "Managed Security Service Provider" (MSSP) model to monetize network security and traffic management for enterprise clients.
- Management views potential OTT regulation by TRAI as a tailwind for linear TV, which remains a more "controlled" and reliable medium for authorities.
- The cestat judgment regarding service tax payments only on gross amounts received from LCOs is viewed as a significant legal win, reducing liability risks for partner defaults.
- Strategic focus is shifting toward the North-East, Delhi, and Southern clusters to diversify the geographic footprint.
- ESG initiatives, including a 12% reduction in energy consumption, are being framed as operational cost-saving measures rather than just compliance.
- Management highlights the 11% broadband growth as a milestone, though conversion rates on homepasses remain a focus area at ~17.5%.
- The launch of TVKey Cloud with Samsung is a critical strategic move to eliminate Set-Top Box (STB) subsidies and structurally alter the long-term cost base.
- **Management Tone: Proactive, Tech-Centric, and Efficiency-Obsessed. Management is successfully navigating the "death of cable" narrative by aggressively pivoting to broadband and cloud-based delivery. While the "E=mc2" narrative is aspirational, the technical proficiency shown in ERP and traffic management deployments suggests disciplined execution. However, the high reliance on the Reliance/Hathway ecosystem remains a structural dependency, and the high turnover of female staff (38%) suggests internal cultural friction that contradicts the inclusive growth narrative.**

3. Financial analysis

3.1 Financial statements

P&L statement (□Cr)

Line item	Mar 2024	Mar 2023
Sales	3,212	2,664
Sales Growth %	20.59	10.35
Expenses	2,735	2,198
Manufacturing Cost %	71	67
Employee Cost %	5	5
Other Cost %	10	10
Operating Profit	477	466
OPM %	15	18
Other Income	34	32
Exceptional items	0.21	-18.93
Other income normal	33.34	50.85
Interest	23	10
Depreciation	337	319
Profit before tax	151	169
Tax %	26	26
Net Profit	112	125
Profit from Associates	0	0
Minority share	-5	-11
Exceptional items AT	0	-13
Profit excl Excep	112	138
Profit for PE	107	126
Profit for EPS	107	114
Profit Growth %	-15	-40
EPS (□)	9.51	10.13
Dividend Payout %	42	39

Balance sheet (□Cr)

Line item	Mar 2024	Mar 2023
Equity Capital	112	112
Reserves	1,047	991
Borrowings	288	149
Long term Borrowings	58	27
Short term Borrowings	170	113
Lease Liabilities	60	9
Other Borrowings	0	0
Other Liabilities	1,571	1,420
Non controlling int	127	107
Trade Payables	715	602
Advance from Customers	40	37
Other liability items	689	674
Total Liabilities	3,019	2,672
Fixed Assets	2,029	1,768
Land	4	0
Building	92	60
Plant Machinery	2,826	2,426
Equipments	14	12
Computers	54	51
Furniture n fittings	37	35
Vehicles	11	10
Intangible Assets	332	278
Other fixed assets	726	631
Gross Block	4,096	3,504
Accumulated Depreciation	2,067	1,736
CWIP	88	113
Investments	11	9
Other Assets	891	782
Inventories	24	43
Trade receivables	437	292
Receivables over 6m	304	173
Receivables under 6m	262	238
Prov for Doubtful	-129	-119
Cash Equivalents	149	212
Loans n Advances	53	42
Other asset items	227	192

Line item	Mar 2024	Mar 2023
Total Assets	3,019	2,672

Cash flow statement (□Cr)

Line item	Mar 2024	Mar 2023
Cash from Operating Activity	455	583
Profit from operations	506	508
Receivables	-147	-45
Inventory	18	-29
Loans Advances	0	1
Other WC items	110	108
Working capital changes	-18	36
Direct taxes	-33	38
Cash from Investing Activity	-477	-461
Fixed assets purchased	-472	-467
Fixed assets sold	0	0
Investments purchased	0	0
Investments sold	0	0
Interest received	10	6
Investment in group cos	0	0
Redemp n Canc of Shares	0	0
Acquisition of companies	-25	0
Other investing items	9	0
Cash from Financing Activity	-48	-58
Proceeds from shares	0	0
Proceeds from borrowings	113	58
Repayment of borrowings	-53	-42
Proceeds from deposits	0	0
Interest paid fin	-22	-10
Dividends paid	-45	-45
Financial liabilities	-22	-8
Other financing items	-18	-12
Net Cash Flow	-70	64
Free Cash Flow	-17	116
CFO/OP	102	117

Key ratios

Line item	Mar 2024	Mar 2023
Debtor Days	50	40
Inventory Days	0	0
Days Payable	0	0
Cash Conversion Cycle	50	40
Working Capital Days	-112	-127
ROCE %	12	15

3.2 Financial analysis summary

- **Revenue** grew by 20.59% to □3,212.00 Cr, primarily driven by a 32.79% surge in Placement / Marketing Income (□1,267.74 Cr) and a 14.53% rise in Subscription Income (□1,260.42 Cr); however, this growth is heavily reliant on broadcaster agreements which account for 39.46% of total Revenue, posing a concentration risk.
- **Operating Profit** margins (OPM %) contracted from 18.00% to 15.00% because Pay Channel Expenses spiked by 26.45% to □1,798.28 Cr, consuming 55.98% of Revenue and indicating a lack of pricing power against broadcasters, which directly impacted the PAT which fell 15% YoY to □112.00 Cr.
- **Trade Receivables** (Net) increased by 49.74% to □437.26 Cr, significantly outpacing Revenue growth and leading to a deterioration in Debtor Days from 40 to 50; the Balance Sheet reveals a high-risk concentration with □224.66 Cr (51.37% of total) outstanding for over one year, necessitating a □129.00 Cr Provision for Doubtful debts.
- **Cash from Operating Activity (CFO)** declined by 22% to □455.00 Cr, largely due to the □147.00 Cr cash outflow into Trade Receivables, resulting in a negative Free Cash Flow (FCF) of -□17.00 Cr after accounting for □472.00 Cr in Capex for network infrastructure.
- **Total Debt** (Borrowings) increased by 93% to □288.00 Cr to fund capital requirements, causing Finance Cost to spike by 130.82% to □23.00 Cr; the Debt/Equity ratio rose to 0.25, and 98.13% of debt is on a floating rate basis, increasing sensitivity to interest rate cycles.
- **Fixed Assets** (Gross Block) expanded to □4,096.00 Cr, driven by □2,826.00 Cr in Plant Machinery, while Lease Liabilities saw a massive jump from □9.00 Cr to □60.00 Cr, reflecting a shift toward leased infrastructure to support the ISP segment's bandwidth needs.
- **Other Expenses** include a 68% jump in Business Promotion (□15.59 Cr) and high Legal & Professional fees (□19.53 Cr) related to the □975.415 Cr DoT License Fee Demand, which remains a critical contingent liability representing nearly 9x the current year's PAT.
- **Return on Capital Employed (ROCE)** diluted from 15.00% to 12.00%, and ROE fell to 9.66%, signaling that the aggressive expansion in Total Assets and Capex has not yet translated into incremental bottom-line efficiency.
- **Working Capital** management shows signs of stress as the company stretched Trade Payables to □715.00 Cr (up 18.74%) to offset the cash trapped in Trade Receivables, while Inventory of spares was liquidated by 43% to □24.00 Cr to support liquidity.
- **Deferred Revenue** of □271.65 Cr provides some cash flow visibility (8.45% of revenue), but the sharp 47.95% decline in Activation Charges suggests a slowdown in new subscriber acquisitions or aggressive competitive pricing.

- **Other Assets** are impacted by ₹68.95 Cr in Net Tax Assets, suggesting the company is paying more tax than its P&L charge due to timing differences, and ₹23.75 Cr in Payments made under Protest which locks cash in litigation.
- **Other Liabilities** are dominated by Deferred Revenue (₹271.65 Cr) which acts as a prepaid subscription buffer, while Other Expenses are driven by Commission Expenses (₹104.24 Cr) and Business Support Services (₹73.06 Cr), which are structural costs of the MSO model.
- **The dominant financial theme of the year is robust revenue growth that failed to reach the bottom line due to rising pay channel costs and finance charges, resulting in a cash-consumptive year where high capex and deteriorating receivable quality turned Free Cash Flow negative.**

3.3 Contingent liabilities & commitments

- **DoT License Fee Demand:** ₹975.415 Cr demand under litigation; represents nearly 9x annual PAT and 93% of Reserves.
- **ISP License Fee Disputes:** Additional demands for subsidiaries (GBPL and GTPL KCBPL) totaling approximately ₹176.06 Cr regarding "Pure Internet Service" revenue.
- **Customs Duty (STBs):** ₹78.140 Cr disputed liability related to Set-Top Boxes.
- **Tax Matters:** Disputed Service Tax (₹32.626 Cr), Income Tax (₹22.871 Cr), and a sharp increase in GST matters (₹21.588 Cr).
- **Capital Commitments:** More than doubled to ₹481.414 Cr for future network gear and technology upgrades over a 3-5 year period.

3.9 Earnings quality & forensic checks

#	Check	Impact	Status	Notes detail
1	PAT vs CFO trend	Profit ↓ — earnings overstate cash; CFO fell 22% while PAT remained positive despite growth.	—	Cash flow divergence noted; growth not translating to liquidity due to receivable build-up.
2	Receivables & channel-stuffing signal	Revenue ↑↓ — aggressive recognition risk; receivables grew 49.7% vs revenue growth of 20.6%.	—	Note 8(a): 51.37% of net receivables (□224.66 Cr) are outstanding for over 1 year.
3	Revenue timing	Neutral — healthy prepaid buffer; deferred revenue represents 8.45% of annual revenue.	—	Note 22: Represents prepaid services in ISP and Cable segments providing cash visibility.
4	Revenue from related parties %	Revenue ↑↓ — high ecosystem dependence; 39.5% of revenue from volatile placement/marketing income.	—	Note 1.25 & 36: Significant reliance on Reliance-linked fellow subsidiaries for marketing fees.
5	Inventory vs revenue growth	Profit ↑ — tighter working capital; inventory decreased 43% while revenue grew 20.6%.	—	Note 7: Inventory consists of spares/ maintenance; decrease suggests tighter management.
6	Inventory valuation method change	Neutral — consistent accounting; inventory valued at lower of cost or net realizable value.	—	Note 1.11: Valuation follows standard FIFO/Weighted Average cost formula consistently.
7	Exceptional items in operating profit	Profit ↑ — non-core boost; small exceptional gain of □0.21 Cr vs prior year loss.	—	P&L Statement: Minimal impact on current year operating results compared to FY23.
8	Depreciation rate vs useful life policy	Profit ↑ — aggressive expense deferral; STB useful life of 8 years exceeds industry norms.	—	Note 1.16.1 & 1.17.2: Long useful lives potentially understate annual depreciation and overstate asset values.
9	Provision reversals boosting PAT	Profit ↑ — credit cost management; allowance for credit losses decreased slightly YoY.	—	Note 29: Ongoing provisioning maintained despite significant increase in aged receivables.
10	Tax rate consistency	Profit ↓ — cash outflow exceeds P&L; net tax assets grew by □28.8 Cr.	—	Note 6: Large unutilized tax credits and payments under protest indicate cash-tax timing differences.
11	CWIP age and stalling projects	Profit ↑ — depreciation avoidance; STBs kept in CWIP until issued for installation.	—	Note 1.16: Policy prevents premature depreciation but may mask obsolete "dead" inventory.
12	Deferred tax asset recognition	Neutral — standard recognition; deferred tax assets/liabilities managed within statutory norms.	—	Note 10: Deferred tax reflects timing differences on depreciation and provisions.
13	RPT quantum and trend	Neutral — financing via payables; net position with fellow subsidiaries remains a payable.	—	Note 36: Company effectively uses extended credit terms from related party broadcasters.
14	Dividend paid vs FCF adequacy	Profit ↓ — liquidity strain; dividend paid despite negative free cash flow in FY24.	—	Cash Flow Statement: Dividend payout maintained at 42% despite shift to negative FCF.
15	Customer Acquisition Cost Capitalization	Profit ↑ — non-standard expense deferral; subsidiary capitalized □35.41 Cr as an asset.	—	Non-standard practice that boosts immediate profits by deferring marketing/ acquisition expenses.
16	Contingent Liability Solvency Risk	Neutral — extreme balance sheet risk; total claims exceed 100% of Net Worth.	—	

#	Check	Impact	Status	Notes detail
				Note 30(b): DoT demand alone is ₹975.42 Cr; represents a systemic risk to the company's survival.

4. Management & governance

A. Auditor report & key audit matters

- **Audit Opinion:** Unqualified.
- **KAM 1: Revenue Recognition (Placement and Marketing Income):** Auditor noted 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 flagged high judgment in estimating provisions for long-outstanding dues from 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 Controls:** Stated as adequate and operating effectively; no material weaknesses reported.
- **Auditor Fees:** M/s. Deloitte Haskins & Sells appointed for a 5-year term.

B. Related party transactions

Party	Relationship	Nature	Amount (Cr)	Concern
Fellow Subsidiaries (Reliance/ TV18)	Promoter Group	Pay Channel Cost	266.29 Cr	***High operational dependency***
Fellow Subsidiaries (Reliance/ TV18)	Promoter Group	Placement Income	238.04 Cr	Significant revenue source
Fellow Subsidiaries (Reliance/ TV18)	Promoter Group	Trade Payables	36.56 Cr	***Liquidity reliance***
Fellow Subsidiaries	Promoter Group	Bandwidth & Lease	29.01 Cr	228% increase YoY
Associate (Gujarat Television Pvt Ltd)	Associate	Corporate Guarantee	1.30 Cr	Stable off-balance sheet risk
Fellow Subsidiary (IndiaCast)	Promoter Group	Trade Receivables	27.11 Cr	Ecosystem collection risk

- **RPT Risk Checks:**
  - % of Revenue: 7.41% (Placement income from RPTs).
  - % of CFO: 52.31% (Placement income relative to CFO) → ***High cash flow dependency on group entities.***
- **RPT Verdict:** Monitor. While transactions are at arm's length, the 228% spike in bandwidth charges from related parties and the high dependency on the Reliance ecosystem for 39.5% of total revenue (Placement/ Marketing) limit independent pricing power.

C. Shareholding

- **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 (Divya Momaya).
- **KMP Compensation:**
  - ***Anirudhsinh Jadeja (MD)***: □4.01 Cr (8.96% YoY growth).
  - **Amit Shah (WTD)**: □1.08 Cr (1.88% YoY growth).
- **Analysis:** Aggregate KMP pay grew by 7.38%, outpacing **EBITDA growth** of 2.36%. MD remuneration increased by 8.96% despite a 10.4% decline in Net Profit and OPM compression from 18% to 15%.

F. Capital allocation & capex

Action	FY current (Cr)	FY prior (Cr)	% of CFO	Signal
Dividends	45.00 Cr	45.00 Cr	9.89	—
Capex	472.00 Cr	467.00 Cr	103.73	—
Acquisitions	25.00 Cr	0.00 Cr	5.49	—
Net Debt Change	139.00 Cr	19.00 Cr	30.54	—
Interest Payments	22.00 Cr	10.00 Cr	4.83	—
Lease Liabilities	60.00 Cr	9.00 Cr	13.18	—

- **CAPEX Analytical Notes:**
  - **CFO Coverage of Capex**: Ratio is 0.96; the company cannot self-fund its infrastructure cycle, leading to **□113 Cr in new bank borrowings**.
  - **Nature of Capex**: Primarily **Plant & Machinery (□2,826 Cr gross block)** for network upgrades.
  - **Deployment Efficiency**: Revenue growth (20.59%) was largely driven by B2B placement income rather than high-margin B2C subscription growth, suggesting a lag in asset turnover.
  - **Key Takeaways**: **The 566% jump in Lease Liabilities (□60 Cr)** indicates a shift toward off-balance sheet infrastructure financing.

H. Risks

- 1. ***AGR Demand***: DoT demand for ISP license fees of □975.42 Cr could wipe out 93% of Reserves. (Severity: High)
- 1. ***Receivable Quality***: 51% of receivables > 1 year (□437.26 Cr at risk); provision coverage is only 29%. (Severity: High)
- 1. ***Asset Obsolescence***: Rapid shift to OTT/FTTH puts STB Gross Block of □2,826 Cr at risk of accelerated depreciation. (Severity: High)

- 1. ***Concentration***: 39% revenue from Placement; high volatility if broadcasters shift budgets to OTT. (Severity: High)
- 1. ***Forex Volatility***: Unhedged foreign currency exposure impacts OPM. (Severity: Medium)
- 1. ***Interest Rate***: 98% of debt is floating rate; 100bps rise hits PBT by ₹2.17 Cr. (Severity: Medium)

5. Scorecard & verdict

Part a: scorecard

Dimension	Rating (1–5)	Delta	Key evidence	One-line rationale
Business quality	3	→	20% Rev growth; 39% Placement concentration	Strong market position but high reliance on volatile B2B income and broadcaster power.
Financial health	2	↓	D/E 0.25x; CFO < Capex; FCF -₹17 Cr	Rising leverage and negative FCF due to aggressive capex and receivable stress.
Earnings quality	2	↓	Receivables +50% vs Sales +20%; STB life 8 yrs	Aggressive revenue recognition signals and long asset lives overstate profitability.
Management & governance	3	→	75% Promoter; 52% CFO from RPTs; 0 Pledge	Clean shareholding but high ecosystem dependency and disconnect in KMP pay vs PAT.
Capital allocation & earnings visibility	2	↓	ROCE 12% < 15% Prev; FCF Negative	Capex is not yet translating to bottom-line efficiency or self-sustaining cash flows.

Business positives (for this company this year) * **Robust Revenue Growth:** Total revenue increased by 20.59% to ₹3,212 Cr, driven by geographic expansion. * **Broadband Milestone:** Crossed 1 million active subscribers with 75% of homepasses being "FTTX ready" for low-cost future additions. * **Strategic Cost Pivot:** Launch of TVKey Cloud with Samsung to eliminate STB subsidies and reduce future capital intensity. * **Market Consolidation:** Successful acquisition of Metro Cast Network India to strengthen presence in Western/Southern India. * **Digital Efficiency:** Implementation of Oracle Fusion ERP and GenieATM for proactive network management and cost optimization.

Business negatives / concerns (for this company this year) * **Receivable Stress:** Trade receivables grew 49.74% (outpacing sales), with 51% of net receivables outstanding for over one year. * **Negative Free Cash Flow:** FCF turned negative (-₹17 Cr) as CFO (₹455 Cr) failed to cover Capex (₹472 Cr). * **Solvency Risk:** Contingent liabilities from DoT (₹975.42 Cr) represent nearly 100% of the company's Net Worth. * **Margin Compression:** OPM fell from 18% to 15% due to a 26% spike in Pay Channel Expenses, showing lack of pricing power. * **Rising Leverage:** Total debt increased by 93% to ₹288 Cr, with 98% on a floating rate basis, increasing interest sensitivity. * **Aggressive Accounting:** Capitalization of customer acquisition costs and 8-year STB depreciation cycles potentially overstate earnings.

Overall scorecard summary GTPL Hathway is in a transition phase, showing strong top-line momentum but deteriorating financial health and earnings quality. The business is currently cash-consumptive, with aggressive capex and a spike in aged receivables leading to negative free cash flow and a reliance on new debt. Governance is stable in terms of shareholding, but the high dependency on the Reliance ecosystem and the massive DoT contingent liability pose significant structural risks. The trajectory is currently **stable but weakening** in terms of capital efficiency, as ROCE continues to dilute.

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: 7/10 — Governance Rating: 3"

Part c: investor verdict

Thesis: GTPL is a dominant regional MSO aggressively scaling into a national ISP, but current growth is being funded by debt and stretched working capital rather than operational cash flow. **Overall stance:** Watch **Rationale:** While the broadband pivot is strategically sound, the combination of negative FCF, deteriorating receivable quality, and the massive DoT contingent liability requires a cautious approach. **Re-evaluate when:** Free Cash Flow turns positive and Trade Receivables > 1 year drop below 30% of total. **BULL CASE:** Successful scaling of STB-less TVKey Cloud leads to a 300-400 bps expansion in OPM and FCF/PAT > 1. **BEAR CASE:** Adverse Supreme Court ruling on the □975 Cr DoT demand leads to a massive equity dilution or insolvency risk. **Key monitorable:** Debtor Days: 50 → Watch threshold: > 60 days.

7. Year-over-year analysis

7.1 Changes

Metric / theme	Summary a status	Summary b status	Forensic takeaway
Margin Trajectory	18.00% OPM (Contracting from 22%)	15.00% OPM	Operating leverage is reversing as pay channel costs (up 26%) significantly outpace subscription revenue growth.
Working Capital Efficiency	-127 Working Capital Days	-112 Working Capital Days	The company's negative working capital advantage is eroding as cash becomes increasingly trapped in aged receivables.
Receivable Quality	□292 Cr (40 days); □75 Cr > 3 years old	□437 Cr (50 days); 51% of net book > 1 year old	Receivables grew 50% against 20% sales growth, signaling aggressive revenue recognition or a breakdown in collection discipline.
Capital Allocation (FCF)	Positive FCF of □116 Cr	Negative FCF of -□17 Cr	The business has transitioned from a self-sustaining model to one requiring external debt to fund its infrastructure cycle.
Leverage & Solvency	□149 Cr Total Debt (D/E 0.14)	□288 Cr Total Debt (D/E 0.25)	Total borrowings nearly doubled YoY to bridge the funding gap created by declining operating cash flows and sustained capex.
Management Tone	Transition-led infrastructure focus	Tech-centric "E=mc2" aspirational branding	Management is shifting the narrative toward "experience" and "cloud" to pivot away from the deteriorating economics of legacy cable.
Capitalization Policy	Standard STB/ Network capex	Capitalization of Customer Acquisition Costs	The new practice of capitalizing □35 Cr in acquisition costs suggests a tactical move to bolster reported PAT by deferring expenses.

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.**
- **High operational dependency on the Reliance/Hathway ecosystem persists, with placement income and content costs tied to fellow subsidiaries.**
- **ROCE continues a downward spiral (from 27% to 15% to 12%), indicating that massive capital reinvestment is failing to generate incremental bottom-line returns.**
- **Aggressive depreciation policies (5-8 years for STBs) remain a concern as rapid technological shifts toward OTT and "STB-less" models increase the risk of sudden asset write-downs.**
- **Management maintains a steady □45 Cr dividend payout regardless of Free Cash Flow strength, prioritizing shareholder yield over balance sheet deleveraging.**
- **Broadband remains the sole structural growth engine, consistently delivering double-digit subscriber growth while the cable business faces margin compression.**
- **A disconnect between executive rewards and performance persists, with KMP compensation increasing even as Operating Profit and OPM decline.**