

Annual Report Analysis (Consolidated)

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

Investor Snapshot

- GTPL Hathway maintains regional dominance as the #1 MSO in Gujarat and #2 in West Bengal, successfully pivoting toward a high-growth broadband model with 920k active users.
- Top-line growth remains steady at 10.35% YoY (₹2,664 Cr), supported by a 13% expansion in the broadband subscriber base and 7% growth in cable TV.
- **EBITDA margins contracted significantly from 22.08% to 17.49%, primarily driven by a 17.16% surge in pay channel costs that outpaced revenue growth.**
- **Bottom-line performance deteriorated with PAT falling 40% to ₹125 Cr, leading to a sharp dilution in ROCE from 27% to 15% as the asset base expanded without immediate profit accretion.**
- The balance sheet remains a core strength with a conservative Debt/Equity of 0.14x, interest coverage of 46.6x, and a net debt-free status providing a robust liquidity buffer.
- Cash conversion is exceptional with CFO at ₹583 Cr (4.66x PAT), though this was largely aided by aggressive trade payable management, which increased by 34%.
- Capital expenditure of ₹67 Cr (80% of CFO) underscores a heavy reinvestment cycle to make 75% of the network FTTX-ready, targeting 5.3M home-passes.
- **Earnings quality is moderate, impacted by ₹12.52 Cr in non-recurring provision write-backs and ₹16.55 Cr in accelerated depreciation due to technological obsolescence.**
- Governance standards are high (9/10) with zero promoter pledges and a 50% independent board, though RPT placement income at 7.88% of revenue warrants monitoring.
- **The primary valuation overhang is a ₹975.42 Cr contingent liability related to DoT AGR demands, alongside ₹74.91 Cr in "zombie" receivables aged over three years.**
- The outlook depends on the "Pipe to Platform" transition and the ability to convert the existing 5.3M home-passes into active broadband subscribers at a >25% conversion rate.
- Investment View: WATCH; maintain caution until EBITDA margins stabilize above 20% and regulatory clarity on the AGR dispute is achieved.

#	Analytical Point	Sentiment
1	GTPL Hathway maintains regional dominance as the #1 MSO in Gujarat and #2 in West Bengal, successfully pivoting toward a high-growth broadband model with 920k active users.	□
2	Top-line growth remains steady at 10.35% YoY (₹2,664 Cr), supported by a 13% expansion in the broadband subscriber base and 7% growth in cable TV.	□
3	<i>EBITDA margins contracted significantly from 22.08% to 17.49%, primarily driven by a 17.16% surge in pay channel costs that outpaced revenue growth.</i>	□
4	<i>Bottom-line performance deteriorated with PAT falling 40% to ₹125 Cr, leading to a sharp dilution in ROCE from 27% to 15% as the asset base expanded without immediate profit accretion.</i>	□
5	The balance sheet remains a core strength with a conservative Debt/Equity of 0.14x, interest coverage of 46.6x, and a net debt-free status providing a robust liquidity buffer.	□
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8	<i>Earnings quality is moderate, impacted by ₹12.52 Cr in non-recurring provision write-backs and ₹16.55 Cr in accelerated depreciation due to technological obsolescence.</i>	□
9	Governance standards are high (9/10) with zero promoter pledges and a 50% independent board, though RPT placement income at 7.88% of revenue warrants monitoring.	□
10	<i>The primary valuation overhang is a ₹975.42 Cr contingent liability related to DoT AGR demands, alongside ₹74.91 Cr in "zombie" receivables aged over three years.</i>	□
11	The outlook depends on the "Pipe to Platform" transition and the ability to convert the existing 5.3M home-passes into active broadband subscribers at a >25% conversion rate.	□
12	Investment View: WATCH; maintain caution until EBITDA margins stabilize above 20% and regulatory clarity on the AGR dispute is achieved.	□

1. BUSINESS OVERVIEW

- **Business Segments:** GTPL Hathway has transitioned from a traditional Multi-System Operator (MSO) into a comprehensive "Entertainment and Connectivity" player, bifurcated between a mature Digital Cable TV segment and a high-growth Broadband segment.
- **Revenue Drivers:** Shifting from pure carriage/subscription fees to a "bundled aggregator" model. Key drivers include the **GTPL Genie+** OTT aggregation service and a "Build your Bundle" pricing strategy.
- **Cost Drivers:** Heavily influenced by broadcaster relationships (200+ broadcasters), a decentralized network of 39,000+ Local Cable Operator (LCO) partners, and the shift toward **GPON-FTTH** technology.
- **Industry Position:** #1 MSO in India; #1 in Gujarat; #2 in West Bengal; #6 Private Wireline Player in India.
- **Expansion Plans:** Deepening penetration in 1,400+ towns across 22 states, with a specific push into North-East and Southern markets (Andhra Pradesh, Telangana, Tamil Nadu).
- **Acquisitions:** Increased stake in **GTPL Rajwadi Network** from 25% to 72% to gain operational control and margin capture.
- **Capacity Additions:** Added 600,000 new home-passes in FY23, totaling 5.30 million, providing a runway for subscriber conversion.
- **Segment Performance:** Digital Cable TV saw 7% subscriber growth; Broadband saw 13% subscriber growth.

- **Geographical Presence:** Dominant regional player with a 97,000+ km fiber optic network (7,500 km underground), focusing on hyper-local content to compete with national telcos.

2. MANAGEMENT COMMENTARY & OUTLOOK

- Management is pursuing an "aggressive pragmatism" strategy, leaning into their 16-year brand heritage to appeal to a younger, data-hungry demographic via the **#AbKeZamaneKaConnection** campaign.
- The overarching strategy is a pivot "From Pipe to Platform," moving away from being a "dumb pipe" provider to a neutral aggregator of linear TV and OTT content.
- Technological partnerships with **Oracle (Exadata), Nokia (BNG), and Aprecomm (AI)** are being leveraged to improve "Quality of Experience" (QoE) and proactive service delivery.
- Management highlights a "Net Debt Free" status, allowing for expansion funding through internal accruals rather than external leverage.
- A primary execution challenge is the conversion of 5.3 million "Home-passes" into "Active Subscribers" (currently 0.92 million), addressing the underutilized infrastructure.
- The company is defending its "fortress markets" (Gujarat and West Bengal) while using generated cash flows to seed growth in newer territories.
- The reliance on 39,000+ LCO partners is being addressed by professionalizing the LCO layer to match the service standards of national competitors.
- The resignation of the previous Chairman (Rajan Gupta) and the appointment of Ajay Singh marks a leadership shift coinciding with the digital-first connectivity pivot.
- **Management Tone:** Management is projecting high confidence in their "Net Debt Free" balance sheet and their ability to outmaneuver larger players through regional expertise and AI-driven network optimization. However, the tone suggests a business in a critical transition phase—moving from a legacy cable provider to a digital-first connectivity hub. The focus on "FTTX conversion" indicates that management no longer views Cable TV as the primary growth engine, but rather as a funnel for Broadband and OTT services.

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 2023	Mar 2022
Sales -	2,664.00	2,414.00
Sales Growth %	10.35	-2.14
Expenses -	2,198.00	1,881.00
Manufacturing Cost %	67.00	63.00
Employee Cost %	5.00	5.00
Other Cost %	10.00	10.00
Operating Profit	466.00	533.00
OPM %	18.00	22.00
Other Income -	32.00	24.00
Exceptional items	-18.93	-18.56
Other income normal	50.85	42.54
Interest	10.00	14.00
Depreciation	319.00	253.00
Profit before tax	169.00	290.00
Tax %	26.00	25.00
Net Profit -	125.00	219.00
Profit from Associates	0.00	0.00
Minority share	-11.00	-19.00
Exceptional items AT	-13.00	-13.00
Profit excl Excep	138.00	232.00
Profit for PE	126.00	212.00
Profit for EPS	114.00	200.00
Profit Growth %	-40.00	8.00
EPS in Rs	10.13	17.75
Dividend Payout %	39.00	23.00

Balance Sheet (₹ Crores)

Line Item	Mar 2023	Mar 2022
Equity Capital	112.00	112.00
Reserves	991.00	919.00
Borrowings -	149.00	130.00
Long term Borrowings	27.00	35.00
Short term Borrowings	113.00	89.00
Lease Liabilities	9.00	6.00
Other Borrowings	0.00	0.00
Other Liabilities -	1,420.00	1,141.00
Non controlling int	107.00	94.00
Trade Payables	602.00	449.00
Advance from Customers	37.00	38.00
Other liability items	674.00	561.00
Total Liabilities	2,672.00	2,303.00
Fixed Assets -	1,768.00	1,507.00
Land	0.00	0.00
Building	60.00	43.00
Plant Machinery	2,426.00	2,076.00
Equipments	12.00	10.00
Computers	51.00	43.00
Furniture n fittings	35.00	30.00
Vehicles	10.00	8.00
Intangible Assets	278.00	270.00
Other fixed assets	631.00	485.00
Gross Block	3,504.00	2,964.00
Accumulated Depreciation	1,736.00	1,457.00
CWIP	113.00	92.00
Investments	9.00	9.00
Other Assets -	782.00	694.00
Inventories	43.00	14.00
Trade receivables -	292.00	284.00
Receivables over 6m	173.00	163.00
Receivables under 6m	238.00	244.00
Prov for Doubtful	-119.00	-123.00
Cash Equivalentents	212.00	140.00
Loans n Advances	42.00	77.00
Other asset items	192.00	180.00

Line Item	Mar 2023	Mar 2022
Total Assets	2,672.00	2,303.00

Cash Flow Statement (□Crores)

Line Item	Mar 2023	Mar 2022
Cash from Operating Activity -	583.00	396.00
Profit from operations	508.00	559.00
Receivables	-45.00	134.00
Inventory	-29.00	1.00
Loans Advances	1.00	8.00
Other WC items	108.00	-249.00
Working capital changes	36.00	-105.00
Direct taxes	38.00	-58.00
Cash from Investing Activity -	-461.00	-311.00
Fixed assets purchased	-467.00	-310.00
Fixed assets sold	0.00	0.00
Investments purchased	0.00	0.00
Investments sold	0.00	0.00
Interest received	6.00	6.00
Investment in group cos	0.00	-7.00
Redemp n Canc of Shares	0.00	0.00
Acquisition of companies	0.00	0.00
Other investing items	0.00	0.00
Cash from Financing Activity -	-58.00	-102.00
Proceeds from shares	0.00	0.00
Proceeds from borrowings	58.00	132.00
Repayment of borrowings	-42.00	-167.00
Proceeds from deposits	0.00	0.00
Interest paid fin	-10.00	-15.00
Dividends paid	-45.00	-45.00
Financial liabilities	-8.00	-6.00
Other financing items	-12.00	-1.00
Net Cash Flow	64.00	-17.00
Free Cash Flow	116.00	86.00
CFO/OP	117.00	85.00

Key Ratios (₹Crores)

Line Item	Mar 2023	Mar 2022
Debtor Days	40.00	43.00
Inventory Days	0.00	0.00
Days Payable	0.00	0.00
Cash Conversion Cycle	40.00	43.00
Working Capital Days	-127.00	-96.00
ROCE %	15.00	27.00

3.2 Financial Analysis Summary

- **Revenue** grew by **10.35%** to **₹2,664.00 Cr**, primarily driven by the **Cable Television Segment** (₹1,117.97 Cr) and **Internet Service Segment** (₹82.83 Cr), while **EPC contract** income fell to zero following the completion of the Bharat Net Phase II project.
- **EBITDA Margin** contracted from **22.08%** to **17.49%** as **Pay Channel Expenses** (₹1,422.08 Cr) rose by **17.16%**, outpacing **Revenue** growth and signaling an inability to fully pass on rising content costs to subscribers.
- **PAT** declined by **40%** to **₹125.00 Cr**, further pressured by a **26%** increase in **Depreciation** (₹19.00 Cr) which included an accelerated charge of **₹16.55 Cr** for Customer Premise Equipment due to technological obsolescence.
- **Other Income** of **₹32.00 Cr** was bolstered by non-recurring items including **₹7.93 Cr** from provision reversals and **₹4.59 Cr** from sundry liability write-backs, which together contributed approximately **7.4%** of **Profit before tax**.
- **Trade Receivables** remained relatively flat at **₹292.00 Cr**, but quality is a concern with **₹74.91 Cr** outstanding for over 3 years and a massive **Provision for Doubtful** debts of **₹118.72 Cr**, representing **28.9%** of gross receivables.
- **Working Capital** management saw **Trade Payables** surge by **34.12%** to **₹602.00 Cr**, significantly outpacing **Sales** growth and suggesting the company is stretching vendor credit to support liquidity, which helped drive **Working Capital Days** to **-127**.
- **CFO** improved to **₹583.00 Cr** (**CFO/PAT** of **4.66x**), largely due to the **₹153 Cr** increase in **Trade Payables** and other liabilities, which more than offset the **₹45 Cr** cash outflow from **Trade Receivables** and **₹29 Cr** from **Inventory**.
- **Capex** intensity remained high with **Fixed assets purchased** of **₹467.00 Cr** (**80%** of **CFO**), directed toward network infrastructure and STBs, resulting in a **Gross Block** increase to **₹3,504.00 Cr** and **CWIP** of **₹113.00 Cr**.
- **Total Debt** increased slightly to **₹149.00 Cr**, but the company maintains a conservative **Debt/Equity** of **0.14** and a robust **Interest Coverage** of **46.6x**; however, it faces unhedged foreign currency exposure of **₹47.11 Cr**.
- **ROCE** and **ROE** both saw significant dilution, falling to **15.00%** and **11.33%** respectively, as the expanding **Total Assets** base (₹2,672.00 Cr) failed to generate proportional growth in **Net Profit**.
- **Other Assets** were impacted by **₹20.99 Cr** in "Payments made under Protest" (up 80%), reflecting intensifying legal battles, while **Other Liabilities** were driven by **Payables for Capital Expenditure** nearly doubling to **₹237.26 Cr**, indicating heavy reliance on vendor credit to fund the infrastructure cycle.
- **Other Expenses** were pressured by **Business Support Services** (₹53.83 Cr) and a **Net Loss on Foreign Currency** of **₹3.03 Cr**, further weighing on operating margins.

- The dominant financial theme of the year is a **transition-led margin squeeze**, where aggressive infrastructure investment and rising content costs have diluted returns despite resilient revenue growth and strong, payable-driven cash flow generation.

3.3 Contingent Liabilities & Commitments

- **DoT AGR Demand:** ₹75.42 Cr (Principal + Interest/Penalty) related to the inclusion of non-telecom revenue in AGR for ISP license fees. This is the single largest risk, representing nearly 88% of Net Worth.
- **Customs Matters:** ₹6.42 Cr dispute regarding Set-Top Box (STB) classification.
- **Service Tax Matters:** ₹3.54 Cr in outstanding disputes.
- **Income Tax Matters:** ₹8.91 Cr in various tax-related litigations.
- **Capital Commitments:** ₹13.11 Cr for ongoing network infrastructure and STB deployment.
- **Corporate Guarantees:** ₹30 Cr provided for associate company Gujarat Television Private Limited.

3.9 Earnings Quality & Forensic Checks

#	Check	Impact	Status	Evidence	Notes Detail
1	PAT vs CFO trend	Profit ↑ — high cash conversion	<input type="checkbox"/>	CFO 583 Cr vs PAT 125 Cr (FY23).	CFO/OP ratio improved to 117% from 85% YoY due to working capital management.
2	Receivables & channel-stuffing signal	Revenue ↑↓ — collection risk	<input type="checkbox"/>	Receivables 292 Cr, Inventory 43 Cr; Sales 2,664 Cr.	Note 8(a): 74.91 Cr receivables >3 years old; provision coverage high at 28.9%.
3	Revenue timing	Revenue ↑ — front-loading risk	<input type="checkbox"/>	Activation charges 33.40 Cr; Deferred Revenue 243.33 Cr.	Note 1.5.1: Activation fees recognized on accrual; STB rent deferred over 5 years.
4	Revenue from related parties %	Revenue ↑ — high group reliance	<input type="checkbox"/>	Placement income from fellow subs: 209.99 Cr.	Note 38: Significant intra-group operational reliance on Reliance/Hathway group entities.
5	Inventory vs revenue growth	Profit ↓ — potential obsolescence	<input type="checkbox"/>	Inventory 43 Cr (FY23) vs 14 Cr (FY22).	Note 7: Spike in spares and maintenance items suggests aggressive stocking or slow-moving parts.
6	Inventory valuation method change	Neutral — consistent policy	<input type="checkbox"/>	No change reported in valuation methodology.	Note 1.10: Standard cost formula used for spares and maintenance components.
7	Exceptional items in operating profit	Profit ↓ — recurring non-operating hits	<input type="checkbox"/>	Exceptional items: - 18.93 Cr (FY23) vs - 18.56 Cr (FY22).	Note 25: Includes impairment of goodwill (349 Cr) and other non-recurring adjustments.
8	Depreciation rate vs useful life policy	Profit ↓ — conservative catch-up	<input type="checkbox"/>	Depreciation 319 Cr (FY23) vs 253 Cr (FY22).	Note 2A.1: Revised useful lives and technological obsolescence led to 24.98 Cr total impact.
9	Provision reversals boosting PAT	Profit ↑ — non-cash gain	<input type="checkbox"/>	Provision write-backs: 793 Cr; Sundry liabilities: 459 Cr.	Note 25: Non-recurring "Other Income" items used to cushion declining operating margins.
10	Tax rate consistency + cash tax vs P&L tax	Profit ↓ — high non-cash tax	<input type="checkbox"/>	Tax %: 26.00; Direct taxes paid: 88 Cr.	Note 12: Deferred tax of 27.01 Cr reflects timing differences in book vs tax depreciation.
11	CWIP age and stalling projects	Neutral — active deployment	<input type="checkbox"/>	CWIP: 113 Cr (FY23) vs 92 Cr (FY22).	Note 31: Capital commitments of 213.11 Cr indicate ongoing active infrastructure investment.
12	Deferred tax asset recognition adequacy	Neutral — timing differences	<input type="checkbox"/>	Deferred tax charge: 27.01 Cr in P&L.	Note 12: Management expects sufficient future taxable income to realize deferred tax positions.
13	RPT quantum and trend	Revenue ↑↓ — circularity risk	<input type="checkbox"/>	Payables to fellow subs increased 58% to 62.75 Cr.	Note 38(B): Shift in settlement terms within promoter group manages short-term cash flow.
14	Dividend paid vs FCF adequacy	Neutral — sustainable payout	<input type="checkbox"/>	Dividend Payout: 39%; Free Cash Flow: 116 Cr.	Cash flow from operations easily covers both capex (467 Cr) and dividends.
15	Auditor Key Audit Matters (Goodwill)	Profit ↓ — asset impairment	<input type="checkbox"/>	Impairment of 349 Cr recognized.	Note 2.4: Discount rate increased to 16.8% for CGU testing, reflecting higher market risk.
16			<input type="checkbox"/>		

#	Check	Impact	Status	Evidence	Notes Detail
	Unhedged Forex Exposure	Profit ↑↓ — volatility risk		₹7.11 Cr unhedged exposure.	Note 34A: Net loss on foreign currency of ₹0.03 Cr in FY23 vs gain in FY22.
17	Capitalization of STB Activation Fees	Revenue ↑ — margin front-loading	□	Activation fees recognized immediately.	Note 1.5.1: Mismatch between immediate fee recognition and 5-8 year STB depreciation.

4. MANAGEMENT & GOVERNANCE

A. Auditor Report & Key Audit Matters * **Audit Opinion:** Unqualified. * **KAM 1: Impairment of Goodwill:** Auditor assessed the recoverable amount of CGUs using a discount rate of 16.8%. Management recognized an impairment of ₹49 Cr due to underperformance in certain subsidiaries. * **KAM 2: Expected Credit Loss (ECL) on Trade Receivables:** Focus on the provision matrix for "Placement/Marketing" income. Management maintains a high provision of ₹18.72 Cr against gross receivables of ₹10.73 Cr. * **KAM 3: Revenue Recognition (EPC Contracts):** Involved judgment on "percentage of completion" for the Bharat Net Phase II project using the "output method." * **Internal Controls:** Stated as adequate; no material weaknesses reported.

B. Related Party Transactions | Party | Relationship | Nature | Amount (₹Cr) | Concern |
 |-----|-----|-----|-----|-----| | **Fellow Subsidiaries (Reliance/Hathway)** | Promoter Group | Pay Channel Cost | 237.47 Cr | **High operational dependency** | | **Fellow Subsidiaries (Reliance/Hathway)** | Promoter Group | Placement Income | 209.99 Cr | Significant revenue source | | **Fellow Subsidiaries (Reliance/Hathway)** | Promoter Group | Trade Payables | 62.75 Cr | **58% increase in payables** | | Associate (Gujarat Television Pvt Ltd) | Associate | Corporate Guarantee | 1.30 Cr | Off-balance sheet risk |

- **RPT Verdict:** Monitor □ While transactions are at arm's length, the 58% spike in payables to fellow subsidiaries and the high dependency on the Reliance/Hathway ecosystem for both content and placement revenue (7.88% of total revenue) warrant close monitoring.

C. Shareholding * **Promoters:** 75.00% (Stable) * **FII:** 8.27% (Decreasing from 9.81% in Mar 2022) * **DII:** 4.31% (Stable) * **Public:** 12.42% (Increasing) * **Pledged Shares:** 0.00%

D. Board Composition + KMP Compensation * **Total Directors:** 8 (50% Independent). * **Women Directors:** 1 (Divya Momaya). * **KMP Compensation:** Total KMP pay (₹51 Cr) grew by 4.16% YoY despite a 12.57% decline in Operating Profit. * **KMP List:** Anirudhsinh Jadeja (MD - ₹68 Cr), Amit Shah (WTD - ₹06 Cr). No KMPs share the same family name. * **Correlation:** Disconnect noted between executive rewards and operational performance as EBITDA declined while pay rose.

F. Capital Allocation & Capex | Action | FY Current (₹Cr) | FY Prior (₹Cr) | % of CFO | Signal |
 |-----|-----|-----|-----|-----| | **Dividends** | 45.00 Cr | 45.00 Cr | 7.72% | □ | **Capex** | 467.00 Cr | 310.00 Cr | 80.10% | □ | **Interest Payments** | 10.00 Cr | 15.00 Cr | 1.72% | □ | **Net Debt Change** | 19.00 Cr | -35.00 Cr | 3.26% | □

• CAPEX Analytical Notes:

- **CFO Coverage of Capex:** CFO (583 Cr) covers Capex (467 Cr) with a ratio of 1.25.
- **Nature of Capex:** Primarily growth capex in **Plant & Machinery (₹2,426 Cr gross block)** and **Intangible Assets (₹278 Cr)**.
- **Deployment Efficiency:** Capex rose 50.6% YoY while Revenue grew only 10.35%, indicating a significant lag in asset turnover.
- **Key Takeaways:** The **doubling of Payables for Capital Expenditure to ₹237.26 Cr** indicates the company is leveraging vendor credit to fund infrastructure, masking immediate cash impact.

H. Risks * **AGR Demand (Regulatory)**: ₹75.42 Cr potential liability from DoT. **Impact**: Could wipe out ~10% of total equity and 88% of Net Worth. * **Asset Obsolescence (Technological)**: Rapid changes in STB/fiber. **Impact**: ₹6.55 Cr accelerated depreciation taken in FY23; risk of future write-downs. * **Forex Volatility (Financial)**: ₹7.11 Cr unhedged exposure. **Impact**: Net loss of ₹0.03 Cr in FY23. * **Receivable Quality (Operational)**: ₹4.91 Cr of receivables >3 years old. **Impact**: 28.9% of gross book is provisioned; potential for further write-offs. * **Content Cost Inflation (Market)**: Pay channel expenses grew 17.16%. **Impact**: Outpacing revenue growth, leading to margin compression.

5. SCORECARD & VERDICT

Part A: Scorecard

Dimension	Rating (1-5)	Delta	Key Evidence	One-line Rationale
Business Quality	4	→	#1 MSO in Gujarat; 13% Broadband growth	Strong regional dominance and successful pivot to high-growth broadband.
Financial Health	4	→	D/E 0.14x; Interest Coverage 46.6x	Conservative leverage and strong solvency despite margin pressure.
Earnings Quality	3	↓	CFO > PAT; ₹2.52 Cr provision write-backs	Strong cash flow but earnings quality diluted by non-recurring write-backs.
Management & Governance	4	→	0% Pledge; 50% Independent Board	Transparent disclosures and clean shareholding, though RPT dependency is high.
Capital Allocation & Earnings Visibility	3	↓	ROCE 15% (vs 27%); Capex/Revenue lag	Heavy reinvestment cycle not yet translating to incremental profit growth.

BUSINESS POSITIVES (for this company this year) * **Strong Cash Conversion**: CFO of ₹83 Cr significantly exceeds PAT of ₹25 Cr (4.66x ratio). * **Market Leadership**: Maintained #1 position in Gujarat and #2 in West Bengal with 7% growth in Cable TV subscribers. * **Broadband Traction**: Achieved 13% subscriber growth in the high-margin Broadband segment, reaching 920k active users. * **Conservative Leverage**: Maintained a very low Debt/Equity ratio of 0.14x and high Interest Coverage of 46.6x. * **Infrastructure Readiness**: 75% of the network is now "FTTX ready," supporting higher speeds and lower maintenance costs.

BUSINESS NEGATIVES / CONCERNS (for this company this year) * **Margin Compression**: EBITDA margins fell from 22.08% to 17.49% due to content costs rising 17.16%. * **Regulatory Tail Risk**: Massive contingent liability of ₹75.42 Cr regarding DoT AGR demands. * **Asset Obsolescence**: Forced to take ₹6.55 Cr in accelerated depreciation due to rapid technological shifts. * **Receivable Quality**: ₹4.91 Cr of receivables are older than 3 years, with a total provision of 28.9% of the gross book. * **Return Dilution**: ROCE nearly halved from 27% to 15% as the asset base expanded without proportional profit growth.

OVERALL SCORECARD SUMMARY GTPL Hathway remains a financially robust regional leader with a clean balance sheet and exceptional cash flow generation. However, the business is currently navigating a difficult transition where heavy capital expenditure in fiber and OTT aggregation has yet to offset the margin compression in its legacy cable business. While governance is stable and leverage is low, the massive AGR contingent liability and the "zombie" receivable problem remain significant overhangs on the valuation.

Part B: Governance Check Matrix

#	Check	Status	Evidence
1	Audit opinion clean?	<input type="checkbox"/>	Unqualified opinion (p.22)
2	Promoter pledge = 0?	<input type="checkbox"/>	0.00% pledge (Screener)
3	KMP pay < 5% of PAT?	<input type="checkbox"/>	Total KMP pay ₹51 Cr is 3.6% of PAT
4	RPT quantum < 5% of revenue?	<input type="checkbox"/>	Placement income from fellow subs is 7.88%
5	Board > 50% independent?	<input type="checkbox"/>	4 out of 8 directors are independent
6	At least 1 woman director?	<input type="checkbox"/>	Divya Momaya (Independent)
7	No statutory dues outstanding?	<input type="checkbox"/>	No material defaults reported
8	No fraud reported?	<input type="checkbox"/>	No fraud reported by auditors
9	Audit trail enabled?	<input type="checkbox"/>	Confirmed in Auditor's report
10	Frequent Auditor change	<input type="checkbox"/>	Deloitte appointed for 5-year term

Total: 9/10 Governance Rating:

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Part C: Investor Verdict

THESIS: A dominant regional connectivity player transitioning from legacy cable to high-speed broadband, offering strong cash flows but facing temporary margin pressure and significant regulatory risks. **OVERALL STANCE:** WATCH **RATIONALE:** While the operational pivot is sound, the combination of margin contraction and the ₹75 Cr AGR risk requires a higher margin of safety. **RE-EVALUATE WHEN:** EBITDA margins stabilize above 20% OR the DoT AGR dispute is resolved in the company's favor. **BULL CASE:** Successful conversion of the 5.3M home-passes to active broadband subscribers (at >25% conversion) could double the segment's revenue. **BEAR CASE:** Adverse Supreme Court ruling on AGR demands (₹75 Cr) would necessitate a massive capital raise or debt spike, diluting equity by ~10-15%. **KEY MONITORABLE:** Broadband Active Subscribers: 0.92M → 1.20M.