GTPL Hathway Ltd — Apr 2025 Quarterly Analysis

1. VERDICT & BUSINESS QUALITY SNAPSHOT

Result: Weak Miss / Stagnant **One-line:** The thesis remains in a structural "wait-and-see" mode as the broadband growth engine remains stalled at near-zero net adds, shifting the entire value recovery to the newly awarded HITS license and the L1 status in BharatNet III.

Dimension	This Quarter	Signal / Evidence	Sentiment
Beat/Miss vs Guidance / Prior Quarter	Weak Miss	Broadband net adds of 3k are a 90% miss vs. historical 25k-30k quarterly guidance.	□
Earnings Quality	Low (Payable-driven)	Trade Payables spiked by □209.3 Cr YoY to □924.7 Cr, suggesting liquidity is being managed by stretching broadcaster dues.	□
Guidance Confidence	Weak	Management shifted from specific quarterly targets to long-term "8-year CAGR targets" (18% Rev/9% EBITDA) to deflect current weakness.	□
Management Credibility	Neutral	Management admitted to the "euphoria of 5G" impacting wired broadband adds but provided no concrete ROI for the HITS project.	□
Business Quality Signal	Deteriorating	Full-year PBT collapsed 58% YoY (□64.1 Cr vs □150.8 Cr) as operating costs outpaced stagnant subscription revenues.	□
Key Q&A Exchange	Q# 5 (Broadband Slowdown)	Management admitted telco 5G expansion "ate up additions for everyone" for 4-5 months, stalling the core growth pillar.	□
The Street's Primary Anxiety	Stalled Growth	Analysts pushed on why 0.5Mn annual CATV adds dropped to 0.1Mn; management blamed churn/competition.	□
Capital Cycle Stage	Investment (High Intensity)	Finished FY25 with □355 Cr capex; net debt position is worsening to fund the HITS transition.	□
Margin / Return Ratio Trajectory	Deteriorating	Cons. EBITDA margin fell to 13.2% in FY25 from 15.7% YoY; PAT margin is now a thin 1.4%.	□
Pricing Power	Eroding	Management is absorbing broadcaster price hikes rather than passing them to consumers to prevent churn.	□
FCF Conversion & Quality	Weak	High capex and rising finance costs (+29% YoY) are suppressing free cash generation.	□
Competitive Moat Signals	Stable	Award of HITS license provides a 10-year regulatory moat for rural satellite broadcasting.	□
Balance Sheet Strength	Adequate	Leverage is manageable, but the spike in Trade Receivables (□588 Cr) and Payables (□924 Cr) shows working capital strain.	□
Working Capital Efficiency	Deteriorating	Expected Credit Loss (ECL) doubled from □8 Cr to □15.5 Cr; Broadcaster settlement cycles are lengthening.	□
Mgmt Guidance Track Record	Mixed	Successfully maintained CATV base but failed to sustain broadband momentum for the second straight quarter.	□
Key Vulnerability / Red Flag	Realization Hit	FY25 Subscription Revenue fell by □27.7 Cr despite adding 100k subs, confirming ARPU dilution in new markets.	□
Management Tone	Defensive	Repeatedly pivoted to "Gujarat Model" success and HITS potential to mask the weak quarterly consolidated print.	□

Sentiment: □Negative

Key Takeaways: * **Positives:** GTPL secured the critical HITS (Headend-in-the-Sky) license for 10 years, which is the cornerstone of their rural expansion strategy. The company also emerged as L1 for the BharatNet III project in Haryana and the North-East, potentially unlocking a large EPC revenue stream in FY26. * **Negatives:** The "Broadband Growth Engine" is officially in neutral; adding only 3,000 subscribers in a quarter is a total breakdown of the previous growth narrative. Full-year profitability is in a tailspin, with PAT dropping 55% YoY due to negative operating leverage—costs grew 11% while revenues grew only 8%. * **Street Concern:** Analysts are primarily concerned with the "Quantity vs. Quality" trade-off; GTPL is entering 26 states and adding subscribers, but actual subscription revenue is falling, meaning they are paying more (capex/ops) to earn less per head. * **Forward Watchpoint:** The operationalization of HITS in Q1/Q2 FY26. If the satellite transition does not lead to immediate operational cost savings and a spike in rural CATV revenue, the stock will likely be re-rated as a legacy utility rather than a growth play.

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2. BUSINESS PERFORMANCE

2A. KEY METRICS

DATA SOURCE: PPT figures are primary. Concall used for commentary and missing data.

Metric	Current Qtr	YoY Change	QoQ Change	Trend	Mgmt Commentary
Revenue (□Cr)	898.9	↑ 10.3%	↑ 0.4%	→	Growth driven by Placement/Carriage fees (+26% YoY) to offset sub-revenue flatlining.
CATV Sub Revenue (□Cr)	298.2	↓ 5.3%	↓ 1.4%	↓	Realization drop: Paying subs flat QoQ but revenue fell 1% due to schemes.
Broadband ISP Rev (□Cr)	135.8	↑ 3.8%	↓ 1.8%	↓	Volume adds (3k) too low to drive revenue; impact of lower entry-level pricing.
EBITDA (□Cr)	114.4	↓ 4.5%	↑ 0.5%	→	Impacted by 15% YoY increase in Pay Channel Costs.
EBITDA Margin %	12.7%	↓ 200 bps	→ 0 bps	↓	Negative operating leverage as total expenditure grew 13% YoY.
PAT (□Cr)	10.5	↓ 18.0%	↑ 2.9%	→	Suppressed by higher Depreciation (+□9.5 Cr YoY) and Finance Costs.
Broadband ARPU (□)	465	↑ 1.1%	→ 0%	↑	Stable YoY; management claims data consumption (+11%) will drive future hikes.
Paying CATV Subs (Mn)	8.90	↑ 1.1%	→ 0%	→	Sub growth has stalled; FY25 adds of 100k vs 500k in FY24.
Broadband Active Subs (Lakh)	10.45	↑ 2.5%	↑ 0.3%	↓	Near-zero growth: Only 3,000 net adds in Q4 (calculated vs Q3 10.42L).
Homepass (Mn)	5.95	↑ 2.6%	↑ 1.7%	→	75% of homepass is FTTX-ready; expansion slowing.
Finance Cost (□Cr)	8.4	↑ 13.5%	↓ 3.4%	↓	Full year finance cost up 29% due to HITS project borrowings.
Net Debt / (Cash) (□ Cr)	83.6	↑ 457%	↑ 457%	↓	Calculated from Balance Sheet: Total Borrowings (□199.8 Cr) - Cash (□116.2 Cr).
Working Capital (Days)	43	↑ 43%	↑ 11%	↓	Trade Receivables up □151.1 Cr YoY; Broadcaster negotiations cited as reason.

2B. SEGMENT BREAKDOWN

Segment	Revenue (□ Cr)	YoY Growth	Margin	Trend	vs Co. Avg	Key Development
Cable TV	755.2	↑ 12.1%	22%	↓	Inline	Reliant on Placement fees (□420.4 Cr) to maintain segment health.
Broadband	135.8	↑ 3.8%	22%	↓	Below	Stalling; management blames 5G "euphoria" and data pricing.

3. MANAGEMENT OUTLOOK & EXECUTION TRACKER

Dimension	Category	Management Target / Claim	Required Run-Rate / Mathematical Feasibility	Historical Delivery	Risk Flag
Guidance	Revenue	Return to 18% Revenue CAGR in FY26.	Needs □4,138 Cr in FY26 Rev; requires massive jump from current □3,507 Cr.	Mixed	High
Guidance	EBITDA	Return to 9% EBITDA CAGR.	Requires EBITDA to hit ~□500 Cr in FY26; current run-rate is □462 Cr.	Missed	Moderate
Guidance	Volume	Add >0.5Mn CATV subs in FY26.	Needs 125k net adds per quarter; only managed 100k for the *entire* FY25.	Missed	High
Strategy	HITS License	Operationalize HITS to reduce signal delivery costs.	License awarded; operational efficiencies expected in FY26.	Delivered (License)	Low
Strategy	BharatNet	L1 bidder for Haryana/ North-East.	Revenue pop expected in 30-45 days post APO; EPC execution is new territory.	New Project	Moderate
Macro	Pricing	Maintain competitive rates in new states.	ARPU will remain suppressed at □420-430 for CATV to capture market share.	Delivering (Volume)	Moderate
Balance	Capex	~□355 Cr for FY25.	Fully executed; budget was □350 Cr. On track.	Reliable	Low

4. ANALYST Q&A

Q#	Relevance	Analyst / Firm	Theme Cluster	Category	Underlying Concern	Management Response & Investment Implication	Evaded / Not Addressed	Credibility	Verdict
1	4.5	Varun Mishra, AS Group	BharatNet	Strategy	"Could you comment something about the recent ongoing development on the National Broadband Mission 2.0?"	Management confirmed they are L1 with LC Infra for BharatNet in Haryana and the North-East, expecting APO within 30-45 days. This provides a massive EPC revenue pipeline but carries execution risk for a traditional service provider.	Specific order value.	4.0	Clear L1 signal
2	4.0	Darshil Jhaveri, Crown Capital	FY26 Guidance	Management Commentary	"Any kind of revenue guidance and margin guidance? What do we see it as?"	Management aims to return to an 18% Revenue and 9% EBITDA CAGR, implying a significant acceleration from FY25 levels. If the company fails to accelerate, valuation will de-rate as growth targets are viewed as aspirational.	Specific FY26 numbers.	3.0	Aggressive target
3	4.0	Sahil Vora, M&S Associates	Price Hikes	Financials	"Just wanting to understand if we were able to pass on the price hikes on our customers?"	Management indicated they are absorbing most costs and passing only "very small" costs to customers due to market sensitivity. This confirms	Pass-through %	2.5	Margin pressure

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						near-term EBITDA margin compression as input costs (Pay Channel) rise faster than realizations.			
4	5.0	Sahil Vora, M&S Associates	Sub Slowdown	Business Overview	"The pace of customer addition has dropped off from 0.5 million to about 1 lakh now. What are the potential reasons?"	Management blamed churn in Q2/Q3 due to OTT/Telco competition but claimed the market neutralized in Q4. This signals that the low-hanging fruit in CATV expansion is gone, requiring more expensive acquisition efforts.	Churn rate %	3.5	Growth hit
5	4.5	Sahil Vora, M&S Associates	Broadband	Business Overview	"What are the potential reasons for a relatively slower growth in broadband business?"	Management attributed the slowdown to the "euphoria" of 5G but expects wired broadband to recover as mobility data prices rise. The thesis relies on 5G usage caps/ pricing to drive users back to fiber, which is an external dependency.	Net add target	3.0	5G headwinds
6	4.0	Saket Kapoor,	HITS Strategy	Strategy	"Are [HITS services] in	Management clarified HITS	None	5.0	Tech clarity

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		Kapoor & Co			sync with what Starlink and others will be offering?"	is for B2B entertainment delivery via satellite, unlike Starlink's B2C satellite internet. This positions HITS as an infrastructure efficiency tool for LCOs rather than a consumer tech product.			
7	4.5	Saket Kapoor, Kapoor & Co	PBT Decline	Financials	"What explains this dip in PBT... especially for last year March quarter versus this March quarter?"	Management cited a 28 Cr dip in annual subscription income and a 31 Cr spike in depreciation from new market infrastructure. This confirms that geographic expansion is currently hurting the bottom line through higher fixed costs and lower ARPU.	None	4.0	Detailed PBT bridge
8	4.0	Saket Kapoor, Kapoor & Co	ECL/ Receivables	Financials	"The expected credit loss also last year was INR8 crores... this time it is INR15.5 crores. If you could just explain	Management explained that the spike in receivables (151 Cr) and payables (209 Cr) is almost entirely due to ongoing broadcaster negotiations. This indicates	None	3.5	WC tension

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					these two impacts?"	a high-stakes standoff with content providers that could impact signal availability if unresolved.			
9	3.5	Ram Acharya, Stay Cautious	Broadband Data	Financials	"Do we experience higher associated costs when data usage by consumer rises?"	Management stated that data costs are not proportionate due to caching and peering technology unless usage crosses extreme thresholds. This is a positive signal for gross margins as users move from 200GB to 400GB monthly.	None	4.5	Margin tailwind

PATTERN FLAGS & SENTIMENT Analyst anxiety was clearly focused on the **stalled subscriber growth** in both Cable and Broadband. Management's posture was a mix of defensive (blaming 5G and seasonal churn) and deflective (pivoting to the long-term CAGR and the BharatNet win). The friction was highest regarding the PBT collapse; analysts were not satisfied with the "new market entry" explanation given that subscription revenue fell even as headcount/depreciation rose.

Analyst Sentiment Verdict: Skeptical. While the BharatNet L1 status and HITS license provide a floor to the valuation, analysts are questioning the quality of the core subscription business. The primary risk is that GTPL is becoming an EPC/Project contractor (BharatNet) because its core retail service business is under siege from telcos.

GUIDANCE GAPS REVEALED IN Q&A

Topic	What Mgmt Claimed (Opening / Prior Q)	What Q&A Revealed	Gap / Walk-back	Risk to Thesis
Broadband Adds	Historical 25k-30k/qtr target.	Only 3k net adds in Q4.	>85% miss on volume trajectory.	High - Stalled growth.
CATV Volume	Aiming for 0.5Mn adds per year.	Delivered only 0.1Mn adds in FY25.	80% miss on annual target.	High - Market saturation.
Price Hikes	Will pass on costs to consumers.	Absorbing most costs; passing only "very small" amount.	Walk-back on margin protection.	Moderate - Margin hit.

5. WHAT CHANGED vs PRIOR QUARTER

What Changed	Prior Quarter (Q3)	This Quarter (Q4)	Direction
Broadband Momentum	2,000 net adds.	3,000 net adds.	→ Stagnant
HITS Project Status	License awaited; 80% capex done.	License awarded for 10 years.	↑ Improving
Project Revenue	Pipeline only.	L1 bidder for BharatNet (Haryana/NE).	↑ Improving
PBT Margin	1.4% (Consolidated).	1.4% (Consolidated).	→ Stagnant
Net Debt	□15 Cr.	□83.6 Cr (Calculated).	↓ Deteriorating
Finance Costs	□8.7 Cr (Q3).	□8.4 Cr (Q4).	↑ Improving
Receivables Risk	ECL at □11 Cr (estimated).	ECL spiked to □15.5 Cr.	↓ Deteriorating
Tone on 5G	Competitive but manageable.	Admitted 5G "ate up additions."	↓ Deteriorating
Thesis Status	High Alert.	Operational Pivot: Retail growth has failed; thesis now relies on B2B/EPC.	↓ Deteriorating