GTPL Hathway Ltd — Jan 2025 Quarterly Analysis

1. VERDICT & BUSINESS QUALITY SNAPSHOT

Result: Weak Miss / Deteriorating **One-line:** The thesis is under severe pressure as the broadband growth engine has stalled to near-zero net adds and core cable subscription revenue is declining despite a growing subscriber base, indicating a sharp loss in pricing power.

Dimension	This Quarter	Signal / Evidence	Sentiment
Beat/Miss vs Guidance / Prior Quarter	Weak Miss	PAT (□10.2 Cr) fell 57% YoY and 21% QoQ; Broadband net adds collapsed to just 2k vs. 10k in Q2.	□
Earnings Quality	Low (Incentive-driven)	46% of total income now comes from Placement/Marketing incentives, not core subscriptions.	□
Guidance Confidence	Weak	Management is deferring all critical HITS project details to "next quarter" and admits to "muted" responses in broadband.	□
Management Credibility	Neutral	Management transparently admitted to B2B margin dilution but remains evasive on the specific HITS project capex.	□
Business Quality Signal	Deteriorating	Negative operating leverage: Expenditure grew 7% YoY while core subscription revenue (CATV + ISP) fell 4.5% YoY.	□
Key Q&A Exchange	Q# 4 (Revenue vs. Subs)	Management struggled to explain why revenue fell 3% QoQ despite adding 100k paying subscribers.	□
The Street's Primary Anxiety	Structural Stagnation	Analysts focused on why broadband growth is stalling despite heavy capex and B2B focus.	□
Capital Cycle Stage	Investment (High Intensity)	High capex (□265 Cr in 9M) continues for the satellite-based HITS project, increasing debt.	□
Margin / Return Ratio Trajectory	Deteriorating	Cons. EBITDA margin compressed to 12.7% from 15.2% YoY; Finance costs up 44% QoQ.	□
Pricing Power	Eroding	CATV realization per sub is falling; Broadband ARPU gain of □5 is offset by stagnant volumes.	□
FCF Conversion & Quality	Weak	Rising finance costs and high capex (75% of annual budget spent) are tightening liquidity.	□
Competitive Moat Signals	Stable	Remains the #1 MSO by scale, but is increasingly defensive against telco AirFiber and DD Free Dish.	□
Balance Sheet Strength	Adequate	Net Debt is low (□15 Cr), but term loans for HITS are increasing the interest burden.	□
Working Capital Efficiency	Deteriorating	Rising finance costs suggest higher utilization of working capital limits/overdrafts.	□
Mgmt Guidance Track Record	Mixed	Failed to sustain broadband momentum (2k adds vs 25k-30k historical target).	□
Key Vulnerability / Red Flag	Realization Drop	Paying CATV subs grew by 100k QoQ, yet Subscription Revenue fell by □10.5 Cr.	□
Management Tone	Defensive	Attributed poor performance to weather and "muted" seasonal demand while asking for patience on HITS.	□

Sentiment: □Negative

Key Takeaways: * **Positives:** GTPL successfully recovered 100k paying subscribers in the CATV segment after a difficult Q2. Broadband ARPU ticked up by □5 to □465, the highest in over eight quarters. The balance sheet remains resilient with very low net gearing despite the capital-heavy HITS transition. * **Negatives:** The core business is leaking value. Cable subscription revenue fell 7% YoY, meaning the company is earning significantly less per customer. Broadband growth has nearly ground to a halt (only 2k net adds), and the shift to a B2B model is diluting margins by 30-35%. Operating leverage has turned negative as fixed costs (employee/other admin) rise faster than core revenues. * **Street Concern:** Analysts are highly skeptical of the broadband slowdown and the opaque "HITS" project. Management's refusal to provide the HITS cost-benefit analysis until Q4 creates an information vacuum during a period of rising debt and falling profits. * **Forward Watchpoint:** The launch of "Headend-in-the-Sky" (HITS) in FY26 is the last remaining catalyst. If satellite delivery does not meaningfully reduce operational costs and unlock rural markets, the business faces a permanent structural decline in linear TV profitability.

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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)	895.7	↑ 4%	↑ 4%	→	Growth driven solely by Placement/Marketing incentives (+29% YoY).
CATV Subscription Rev (□Cr)	302.4	↓ 7%	↓ 3%	↓	Realization drop: Paying subs grew 1% QoQ but revenue fell 3%.
Broadband ISP Rev (□Cr)	138.3	↑ 2%	↑ 1%	→	Volume-led growth has stalled; ARPU increase was the main driver.
EBITDA (□Cr)	113.8	↓ 13%	→ 0%	↓	Impacted by higher pay channel costs and B2B margin dilution.
EBITDA Margin %	12.7%	↓ 250 bps	↓ 50 bps	↓	Negative operating leverage as expenses grew 7% vs Rev 4%.
PAT (□Cr)	10.2	↓ 57%	↓ 21%	↓	Dragged by higher depreciation (+□9.2 Cr YoY) and finance costs.
Broadband ARPU (□)	465	↑ 1%	↑ 1%	↑	Driven by customer upgrades to higher-speed packages.
Paying CATV Subs (Mn)	8.90	↑ 2%	↑ 1%	↑	Recovery of 100k subs lost in Q2; total active subs at 9.6Mn.
Broadband Active Subs (Lakh)	10.42	↑ 4%	→ 0%	↓	Severe slowdown with only 2k net adds in the quarter.
Homepass (Mn)	5.95	↑ 6%	↑ 1%	→	Expansion slowing; 75% of base now available for FTTX.
Finance Cost (□Cr)	8.7	↑ 33%	↑ 44%	↓	Higher OD utilization and new term loans for the HITS project.
Net Debt / (Cash) (□Cr)	15.0	↑ 100%	↑ 100%	↓	Shifted from Net Cash to Net Debt (□15 Cr) to fund HITS project.
Capex (9M) (□Cr)	265.0	↑ 5%	-	→	CATV: □160 Cr; Broadband: □95 Cr. Total FY25 budget: □350 Cr.

2B. SEGMENT BREAKDOWN

Segment	Revenue (₹ Cr)	YoY Growth	Margin (Op)	Trend	vs Co. Avg	Key Development
Cable TV	749.0	↑ 5%	22%	↓	Inline	Reliant on Placement fees (₹414.7 Cr) to offset sub revenue drop.
Broadband	138.3	↑ 2%	22%	↓	Below	Stalling; B2B mix increasing, but B2C churn is high.

3. MANAGEMENT OUTLOOK & EXECUTION TRACKER

Dimension	Category	Management Target / Claim	Required Run-Rate / Mathematical Feasibility	Historical Delivery	Risk Flag
Guidance	Revenue	9M Rev up 7%; hope to recover in Q4 via elections/ cricket.	Needs ~₹1,000 Cr in Q4 to hit 10% annual growth; current run-rate is ₹896 Cr.	Mixed	Moderate
Guidance	Volume	Resuming sequential subscriber addition trend.	Delivered 100k recovery in CATV, but failed in Broadband (2k adds).	Missed (Broadband)	High
Guidance	Capex	₹350 Cr for FY25.	₹265 Cr spent in 9M; on track to spend remaining ₹85 Cr in Q4.	On Track	Low
Strategy	HITS Project	Launch in FY26 to cover rural India via satellite.	Project is 80% capex-complete; awaits final MIB license.	New Project	Moderate
Strategy	Broadband	Focusing on B2B to reduce CAC (₹1500 vs ₹5000 for B2C).	B2B now >100k subs; volume shifting but diluting segment margin.	Delivering (Volume)	Moderate
Macro	Pricing	Evaluating passing on 10-18% broadcaster price hikes.	Highly sensitive; risk of churn if passed on, margin hit if not.	Upcoming Feb-25	High
Balance	Leverage	Return to Net Debt negative by Sept/Dec 2026.	Relies on HITS project operational savings starting in FY26.	First Entry	Moderate

4. ANALYST Q&A

Q#	Relevance	Analyst / Firm	Theme Cluster	Category	Underlying Concern	Management Response & Investment Implication	Evaded / Not Addressed	Credibility	Verdict
1	4.0	Mamta Agarwal, AMS	BharatNet	Strategy	"What is the opportunity size for us from this scheme?"	Management confirmed participation in Phase III bids for 16 states but noted the tender is currently under judicial matter. A win would provide a massive EPC revenue pop (Project Income), but typically at lower margins than recurring subscriptions.	Order quantum	3.0	Specifics hedged
2	4.0	Yash Mathre, Cruz Capital	GTPL Buzz App	Business Overview	"What are our revenue channels for the new app?"	Management clarified the app is primarily for retention and stickiness, with minor revenue from the new Blacknut gaming service (6k subs). This confirms the app is an opex-drag intended to arrest CATV churn, not a standalone profit center.	None	4.0	Retention tool
3	4.5	Sahil Vora, M&S	Price Hikes	Financials	"How long does it take for us to pass on the [10-18%] price hike to the end consumer?"	Management stated they are assessing the situation as broadcasters announced hikes starting	Pass-through %	2.0	Defensive/ Evasive

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						Feb 1st and must balance partner relations with consumer churn risks. If GTPL absorbs the hike, EBITDA margins will collapse; if passed through, subscriber churn will likely accelerate.			
4	4.5	Ram Bhatt, Archarya	CATV Revenue	Financials	"What explains this decrease [in sub income] despite the rising subscriber base?"	Management attributed the 9M drop (□11 Cr) to losing high-ARPU established market customers and gaining low-ARPU new market customers in December. This structural down-selling indicates that quantity of subscribers is no longer translating to quality of revenue.	None	3.5	Realization hit
5	5.0	Ram Bhatt, Archarya	HITS Project	Strategy	"Can you guide on what your subscriber count should look like... and HITS impact?"	Management deferred details to Q4 but claimed the switch from fiber to satellite delivery will provide national access and significant	Project Cost/ROI	2.0	Deferred Signal

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						cost savings. The company is betting the entire business quality recovery on this technological pivot in FY26.			
6	4.0	Rahul Jain, Indiv.	Broadband Mix	Business Overview	"Can you share the breakup of broadband subscribers addition from B2C and B2B?"	Management revealed B2B added ~22-23k while B2C was net-negative or muted for a total 37k YoY add (only 2k QoQ). This confirms the high-margin direct consumer broadband engine has stalled, forcing reliance on partners.	None	4.0	B2C engine stalled
7	4.0	Rahul Jain, Indiv.	Finance Cost	Financials	"Why has the interest cost shown a sudden jump sequentially?"	Management cited higher overdraft utilization for trade payables and new term loans specifically taken for the HITS project. Rising interest costs will remain an overhang on PAT until the HITS project is fully operational.	None	5.0	Debt for HITS

Q#	Relevance	Analyst / Firm	Theme Cluster	Category	Underlying Concern	Management Response & Investment Implication	Evaded / Not Addressed	Credibility	Verdict
8	4.0	Saket Kapoor, Kapoor & Co	HITS Capex	Capex and Allocation	"How much have we spent, sir, on the HITS project?"	Management refused to give a specific number, stating they would disclose the full project financials next quarter. The lack of transparency on a project that is "80% complete" and driving up debt is a notable governance/ credibility flag.	Total Spend	1.0	Evasive
9	3.5	Saket Kapoor	Rural Strategy	Strategy	"Backbone for communication is fiber... are we getting any technological change?"	Management clarified that while broadband stays on fiber, CATV will move to satellite, merging at the customer level for rural penetration. This confirms a "hybrid" infrastructure strategy to lower the cost of serving the rural mass market.	None	4.0	Hybrid strategy

PATTERN FLAGS & SENTIMENT Analyst anxiety was centered on the **Broadband Stagnation** and the **HITS Project Opacity**. Multiple analysts pushed for data on why broadband adds fell to near-zero (2k) and where the □265 Cr capex is exactly going. Management's posture was defensive, repeatedly using "next quarter" as a shield for HITS details while blaming "muted seasonal demand" for broadband.

Analyst Sentiment Verdict: Skeptical and concerned. The friction was highest regarding the disconnect between increasing subscriber counts and falling subscription revenue. Management’s credibility is currently "on hold" until the Q4 HITS disclosure; failure to show a clear ROI on the satellite pivot will likely lead to a structural de-rating.

GUIDANCE GAPS REVEALED IN Q&A | Topic | What Mgmt Claimed (Q2 FY25) | What Q&A Revealed | Gap / Walk-back | Risk to Thesis | | :--- | :--- | :--- | :--- | :--- | | Broadband Adds | Target 25k-30k/qtr. | Only 2k added in Q3. | 90%+ miss on volume target. | High - Stalling growth. | | CATV Sub Income | Growth via expansion. | Revenue fell 3% QoQ despite +100k subs. | Realization per sub is eroding. | High - Core profitability. | | Debt | Tapering borrowings. | Net Debt/Finance costs rising. | New term loans taken for HITS. | Moderate - PAT drag. |

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5. WHAT CHANGED vs PRIOR QUARTER

What Changed	Prior Quarter (Q2 FY25)	This Quarter (Q3 FY25)	Direction
Broadband Momentum	10k net adds.	2k net adds.	↓ Deteriorating
CATV Revenue	□312.9 Cr.	□302.4 Cr.	↓ Deteriorating
CATV Subs	8.80 Mn Paying.	8.90 Mn Paying.	↑ Improving
Broadband ARPU	□460.	□465.	↑ Improving
Finance Costs	□6.0 Cr.	□8.7 Cr.	↓ Deteriorating
Net Debt Status	Net Cash.	Net Debt (□15 Cr).	↓ Deteriorating
Capex Progress	50% of annual spent.	75% of annual spent.	→ On Track
HITS Readiness	Planning stage.	80% capex complete.	↑ Improving
Thesis Status	Under Watch.	High Alert: Core revenue erosion.	↓ Deteriorating