GTPL Hathway Ltd — Jul 2025 Quarterly Analysis

1. VERDICT & BUSINESS QUALITY SNAPSHOT

Result: Weak Miss **One-line:** The structural thesis remains under severe pressure as the core retail broadband engine fails to restart (only 5k net adds), forcing the company into a high-risk transition toward B2B/Government projects (BharatNet) and satellite delivery (HITS).

Dimension	This Quarter	Signal / Evidence	Sentiment
Beat/Miss vs Guidance	Weak Miss	Broadband net adds (5k) are improved vs prior quarter (3k) but remain 80% below historical 25k/quarter run-rate.	□
Earnings Quality	Low (Ad-driven)	Core subscription revenue fell 5.5% YoY; profitability was only sustained by a 22% spike in Placement/Carriage fees.	□
Guidance Confidence	Weak	Management maintains a "double-digit growth" outlook while quarterly revenue grew only 1% QoQ.	□
Management Credibility	Neutral	Admitted to subsidiary-level losses in Karnataka/Maharashtra but remained vague on the specific timeline for HITS monetization.	□
Business Quality Signal	Deteriorating	Negative operating leverage is visible: Standalone revenue grew 10% YoY but EBITDA collapsed 14% due to content cost inflation.	□
Key Q&A Exchange	Q# 11 (Sub-level pain)	Management admitted to losing market share in Karnataka/ Maharashtra through subsidiaries, offsetting gains in the parent.	□
The Street's Primary Anxiety	Stagnant Subs	Analysts focused on the 0% QoQ growth in paying CATV subs and the continued weakness in Broadband additions.	□
Capital Cycle Stage	Investment	High capex intensity (□79 Cr in Q1) continues for HITS and FTTX conversion amidst shrinking free cash flow.	□
Margin Trajectory	Deteriorating	Consolidated EBITDA margins fell to 12.4% from 14.2% YoY; EBITDA/unit is under pressure.	□
Pricing Power	Eroding	Management confirmed they are not increasing broadband prices and are absorbing broadcaster price hikes to prevent churn.	□
FCF Conversion	Weak	PAT (□10.5 Cr) is barely positive; high depreciation (□91.4 Cr) reflects the heavy, non-yielding asset base.	□
Competitive Moat	Stable	Leading position in Gujarat (#1 wired ISP) remains the only defensive fortress against Telco onslaught.	□
Balance Sheet Strength	Adequate	Reliance on internal accruals for HITS capex, but the margin for error is narrowing as PAT flattens.	□
Working Capital	Deteriorating	High reliance on Placement fees from broadcasters (□431.5 Cr) creates a circular dependency on content providers.	□
Mgmt Guidance Track Record	Mixed	Successfully defended Gujarat footprint but failed to scale Broadband outside the home state as promised.	□
Key Vulnerability	Content Costs	Pay Channel costs rose 15% YoY, far outpacing the 1% growth in subscription income.	□
Management Tone	Cautious	Shifted focus from immediate retail growth to future "layered services" and the HITS platform launch.	□

Sentiment: □Negative

Key Takeaways: * **Positives:** GTPL maintains its #1 position in Gujarat's wired broadband market and successfully defended its 9.6 Mn CATV base. The imminent launch of the HITS platform (Q2 FY26) offers a 10-year regulatory moat for rural expansion and potential operational cost savings. * **Negatives:** The "Retail Growth Thesis" is broken; broadband net adds of 5k per quarter will never achieve the management's long-term targets. Operating margins are being crushed as Pay Channel costs (up 15% YoY) grow 15x faster than subscription revenue (up 1% QoQ), leaving the company entirely dependent on volatile Placement/Carriage fees to remain profitable. * **Street Concern:** Analysts are highly skeptical of the "Quantity vs. Realization" gap; the company is adding Homepass but failing to convert them into paying, high-ARPU subscribers outside Gujarat. * **Forward Watchpoint:** The operationalization of HITS in Q2 FY26. If this does not immediately reduce signal delivery costs or open "cable-dark" rural markets to high-margin revenue, the stock risk being re-rated as a low-growth legacy utility.

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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 (Q1FY26)	YoY Change	QoQ Change	Trend	Mgmt Commentary
Revenue (□Cr)	909.1	↑ 6.9%	↑ 1.1%	→	Growth driven by Placement Fees (+22% YoY) rather than core subscriptions.
CATV Sub Revenue (□Cr)	301.8	↓ 5.5%	↑ 1.2%	↓	Realization pressure as management uses "schemes" to fight 5G competition.
Broadband ISP Rev (□Cr)	135.9	↑ 0.8%	→ 0%	→	Volume growth (20k YoY) is too slow to move the revenue needle.
EBITDA (□Cr)	112.3	↓ 6.8%	↓ 1.8%	↓	Squeezed by Pay Channel costs rising 15% YoY (□560.4 Cr).
EBITDA Margin %	12.4%	↓ 180 bps	↓ 30 bps	↓	Negative operating leverage; expenditure (9%) grew faster than income (7%).
PAT (□Cr)	10.5	→ 0%	→ 0%	→	Flat YoY; suppressed by higher finance costs and tax adjustments.
Broadband ARPU (□)	465	↑ 1.1%	→ 0%	↑	YoY increase of □5 attributed to customer migration to higher plans.
Paying CATV Subs (Mn)	8.90	→ 0%	→ 0%	→	Base is stagnant; high churn offset by new adds in expansion states.
Broadband Active Subs (Mn)	1.05	↑ 1.9%	↑ 0.5%	↓	Only 5k net adds in Q1 (1,050k vs 1,045k in Q4).
Homepass (Mn)	5.95	↑ 0.8%	→ 0%	→	Expansion slowed; focusing on FTTX conversion (~75% ready).
Data Usage/Cust (GB/mo)	410	↑ 17.1%	Not in Doc	↑	Higher consumption not yet leading to ARPU hikes.
Capex (□Cr)	79.0	Not in Doc	Not in Doc	□	□30 Cr for Broadband, □50 Cr for CATV/HITS.

2B. SEGMENT BREAKDOWN

Segment	Revenue (₹Cr)	YoY Growth	Margin	Trend	vs Co. Avg	Key Development
Cable TV	733.3 (est)	↑ 8.8%	22%*	↓	Inline	Reliant on Placement fees (₹431.5 Cr) to offset -5% sub revenue.
Broadband	135.9	↑ 0.8%	22%*	↓	Below	Growth stalled; management claims "5G euphoria" is the hurdle.
**Note: Management uses "Operating EBITDA" which excludes activation/ other income.*						

3. MANAGEMENT OUTLOOK & EXECUTION TRACKER

Dimension	Category	Management Target / Claim	Required Run-Rate / Mathematical Feasibility	Historical Delivery	Risk Flag
Guidance	Revenue	Double-digit growth in FY26.	Needs ~₹1,000 Cr/qtr for the rest of year; current Q1 is only ₹909 Cr.	Missed	High
Guidance	Broadband Subs	Target 500,000 additions (implied from prior calls).	Needs 125k adds/quarter; current Q1 add is only 5k (4% of required).	Missed	Critical
Guidance	Margins	Return to 23%-25% Operating EBITDA.	Needs 100-300 bps expansion; difficult with Pay Channel cost inflation.	Missed	High
Strategy	HITS Launch	Launch by end of Q2 FY26.	Licensing (MIB/NOCC) in final stages; timeline appears realistic.	Delayed	Moderate
Strategy	BharatNet	L1 status for Gujarat tender (hopeful).	Bidding in 1-1.5 months; success adds EPC revenue but execution risk.	New	Moderate
Macro	Competition	5G mobility pricing will drive users back to wired.	Dependent on Telcos raising prices; GTPL has no control over this pivot.	Unproven	High
Balance	Capex	₹350 Cr to ₹400 Cr for FY26.	Q1 spend of ₹79 Cr puts them on track to hit the lower end of guidance.	Delivered	Low

4. ANALYST Q&A

Q#	Relevance	Analyst / Firm	Theme Cluster	Category	Underlying Concern	Management Response & Investment Implication	Evaded / Not Addressed	Credibility	Verdict
1	3.5	Kunal Tokas, Fair Value	Market Share	Business Overview	"What is your ranking in terms of size in the wired broadband market in Gujarat?"	Management confirmed they remain #1 in Gujarat with nearly 80% of their 1.05 million subscribers based in that state. This highlights a heavy geographic concentration risk and the failure to gain meaningful scale in the other 10 states.	Specific % lead over #2.	4.0	Clear lead
2	4.0	Kunal Tokas, Fair Value	Capex	Capex and Allocation	"What exactly is this capex? What are the things that you are spending on?"	Management detailed a □79 Cr quarterly spend split into STBs for CATV and CPE/ Homepass for Broadband, including HITS platform investment. Continuous high capex on STBs suggests high churn/ maintenance costs which will drag on free cash flow.	STB unit cost.	4.5	Maintenance heavy
3	3.0	Kunal Tokas, Fair Value	Synergy	Business Overview	"How many of your current 1 million broadband customers are also	Management stated roughly 38-40% of broadband users are combo	Competitor sub data.	3.5	Synergy cap

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					your cable customers?"	customers, leveraging existing cable infrastructure for Internet delivery. This cross-sell ceiling is a concern for future broadband growth if it remains tied to the stagnant cable base.			
4	4.5	Nisha Murthy, MI Capital	Strategy	Management Commentary	"Is GTPL actively exploring strategic alliances or acquisitions aimed at regional footprints?"	Management indicated they are focusing on becoming an aggregator for gaming (Blacknut) and OTT (OTTplay) to keep the "pipe" relevant to consumers. This shift to aggregation increases third-party platform dependency and could further dilute net margins.	Acquisition targets.	3.0	Aggregator pivot
5	4.0	Nisha Murthy, MI Capital	Competition	Business Overview	"How is GTPL evolving to be competitive in Tier 2 and Tier 3 markets where traditional cable still holds?"	Management is layering services (OTT/ Gaming/ Broadband) into bundles to defend their dominant CATV position in semi-urban	Specific Tier 2 churn.	3.0	Defensive layering

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						areas. Success here is vital to preventing the "DTH-style" collapse of the legacy cable business.			
6	4.5	Anubhav Goel, Cosma Ventures	Geography	Business Overview	"Sir, 90%, 95% plus [of subscribers] would be from Gujarat, right?"	Management corrected that only 20% of CATV subs are in Gujarat (spread across 26 states), while 80% of Broadband subs remain concentrated there. This confirms that GTPL's broadband brand equity has failed to travel outside its home territory.	Profitability by state.	4.0	Geo-imbalance
7	4.0	Anubhav Goel, Cosma Ventures	Growth	Management Commentary	"Is it fair to say the growth will largely come from broadband over time?"	Management disagreed, citing a massive 150 Mn "TV dark" household opportunity in rural India to be tapped via the HITS satellite platform. This repositions the company as a rural broadcaster rather than an urban ISP, changing the risk profile.	None	3.0	Pivot to rural

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8	3.5	Shaurya Punyani, Arjav	Revenue	Financials	"Can we grow 18% to 20% this year?"	Management was non-committal on the 20% figure, guiding for "double-digit" growth while observing current 7% YoY trends. Investors should expect revenue to fall short of the bullish targets set in prior years.	Specific FY26 revenue.	2.5	Guiding down
9	4.0	Shaurya Punyani, Arjav	HITS	Management Commentary	"When this new platform will be live?"	Management expects a launch by the end of Q2 FY26, having already paid the ₹10 Cr license fee and secured satellite transponder NOCC. This is the single most important re-rating trigger for the stock in the next 6 months.	Monetization model.	4.5	Near-term trigger
10	4.5	Vivek Gupta, Star Inv	Tax	Financials	"Why the tax expense has gone so up... almost 40% of the PBT?"	The CFO attributed the high tax to deferred tax adjustments and higher profitability in the broadband segment specifically. This volatility in tax makes PBT the	None	4.0	Accounting noise

Q#	Relevance	Analyst / Firm	Theme Cluster	Category	Underlying Concern	Management Response & Investment Implication	Evaded / Not Addressed	Credibility	Verdict
						more reliable metric to track for underlying performance.			
11	4.5	Radhi Shah, SAS Capital	Subsidiaries	Financials	"Why did we see a revenue de-growth... while standalone was flat, consolidated was down?"	Management admitted to losing market share in Karnataka and Maharashtra through JV subsidiaries, which dragged down consolidated performance. This reveals operational weakness in non-Gujarat territories that is being masked by the parent's stability.	JV exit strategy.	3.0	Regional leakage

PATTERN FLAGS & SENTIMENT Analysts are clearly anxious about the **stalling broadband additions** and the **geographic concentration** of the ISP business in Gujarat. Management's defensive posture—blaming "5G euphoria" and "temporary churn"—failed to mask the fact that net adds are down 80% from historical levels. The shift in narrative toward HITS (satellite) and BharatNet (EPC) suggests management is pivoting away from a retail-led growth story toward an infrastructure-led one.

Analyst Sentiment Verdict: Skeptical. While the regulatory progress on HITS is a positive, analysts are questioning the core business's ability to withstand Telco competition. The regional weakness in Karnataka/ Maharashtra JVs is a new overhang. Credibility is under watch as the "double-digit" revenue guidance looks increasingly mathematically difficult to achieve given the □909 Cr Q1 start.

GUIDANCE GAPS REVEALED IN Q&A | Topic | What Mgmt Claimed (Prior Q) | What Q&A Revealed | Gap / Walk-back | Risk to Thesis | | :--- | :--- | :--- | :--- | :--- | | Broadband Adds | 25k+ net adds/quarter. | 5k net adds in Q1. | 80% volume gap. | High - Stalled growth. | | CATV Growth | Focus on urban expansion. | Pivoting to "TV-dark" rural areas via HITS. | Strategic shift to lower-ARPU rural subs. | Moderate - Realization hit. | | Consolidated Health | All regions stable. | Karnataka/Maharashtra JVs saw market loss. | Regional execution failure in JVs. | Moderate - Margin drag. |

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5. WHAT CHANGED vs PRIOR QUARTER

What Changed	Prior Quarter (Q4FY25)	This Quarter (Q1FY26)	Direction
Broadband Momentum	3k net adds.	5k net adds.	↑ Slight Improvement
Consolidated EBITDA	₹114.4 Cr.	₹112.3 Cr.	↓ Deteriorating
Pay Channel Costs	₹534.8 Cr.	₹560.4 Cr.	↓ Deteriorating
HITS Regulatory	License awaited.	License paid & NOCC secured.	↑ Improving
Subsidiary Performance	Stable contribution.	Market share loss in Karnataka/Maharashtra.	↓ Deteriorating
Tax Expense	₹0.3 Cr (Low).	₹4.9 Cr (High/Normal).	↓ Impacting PAT
Management Focus	Retail organic growth.	Layered services (Aggregation/Gaming).	↓ Quality of Earnings
Thesis Status	Stagnant.	Pivot to Infrastructure: Retail is under siege; HITS is the only escape.	↓ Deteriorating