GTPL Hathway Ltd — Jul 2026 Quarterly Analysis

1. VERDICT & BUSINESS QUALITY SNAPSHOT

Result: Beat (Operational) / Inline (Financials) **One-line:** GTPL has pivoted from urban defense to an aggressive inorganic land-grab (ACT acquisition) and rural expansion (HITS), but the transition is masking core profitability behind high "front-loaded" depreciation and finance costs.

Dimension	This Quarter	Signal / Evidence	Sentiment
Beat/Miss vs Guidance	Beat	Paying CATV subs rose to 8.90 Mn (up 200k QoQ), reversing the prior year's churn.	□
Earnings Quality	Low (Transitory)	PAT of □2.3 Cr is depressed by □6 Cr incremental depreciation/ finance costs from HITS capitalization.	□
Guidance Confidence	Strong	Clear roadmap for ACT integration (Sept 15 deadline) and 25% Op EBITDA margin target.	□
Management Credibility	Improving	Recruited specialized Broadband CEO to address the "extraction rate" bottleneck identified last quarter.	□
Business Quality Signal	Improving	Pivot to HITS (GTPL Infinity) is yielding tangible bandwidth savings (□4 Cr in Q1).	□
Key Q&A Exchange	Q12 + HITS ROI	Management provided a specific unit-economic example of rural feasibility via HITS vs. Fiber.	□
The Street's Primary Anxiety	PAT Compression	Why did PAT stay near zero despite 12% revenue growth? (Answer: HITS front-loading).	□
Capital Cycle Stage	Investment	□400 Cr FY27 Capex guidance for Broadband expansion and ACT integration.	□
Margin Trajectory	Stable (Operating)	Operating EBITDA margin at 22%; management expects expansion to 25% by Q4.	□
Pricing Power	Improving	Broadband ARPU grew to □470 (up □5 QoQ), driven by migration to higher speed tiers.	□
FCF Conversion & Quality	Weak	Heavy capex and capitalized interest/depreciation are consuming operating cash.	□
Competitive Moat Signals	Widening	Becoming the dominant player in AP/Telangana via ACT; HITS allows rural entry where telcos cannot reach.	□
Balance Sheet Strength	Adequate	Funding the □36.23 Cr ACT acquisition through internal accruals/ cash.	□
Working Capital Efficiency	Stable	Broadcaster negotiations remain the primary lever for managing cash outflows.	□
Mgmt Guidance Track Record	Reliable	Delivered on the "National reach" promise by entering J&K and Kerala this quarter.	□
Key Vulnerability	Transition Gap	HITS depreciation/interest hit is immediate; the cost-saving benefits are back-ended to Q4.	□
Management Tone	Confident/ Offensive	Focused on "Market Leadership" and "Extraction Rates" rather than just surviving churn.	□

Sentiment: □**Positive Key Takeaways:** * **The Thesis Evolution:** The business is no longer a stagnant utility. By acquiring ACT's digital business and launching HITS (GTPL Infinity), GTPL is positioning itself as a national consolidator. The ACT deal is particularly astute—adding 6 lakh subscribers for just □36.23 Cr (approx. □600/ subscriber), which is significantly below historical replacement costs. * **Operational Rebound:** After a year of subscriber losses, paying CATV subs grew by 200,000 sequentially to 8.90 Mn. Broadband ARPU increased to □470, proving that high data consumption (436 GB/month) is finally forcing customers into higher-priced tiers. * **The Earnings "Valley":** The primary negative is the near-zero PAT (□2.3 Cr). This is a result of "conservative accounting" where the company capitalized the full HITS infrastructure, leading to a □6 Cr spike in depreciation and finance costs before the 2.7 million HITS subs could generate full opex savings. * **Management Action:** The appointment of Vivek Raina as Broadband CEO directly addresses the primary analyst concern from Q4: why is the homepass-to-subscriber conversion stuck at 17%? * **Forward Watchpoint:** Integration of ACT by September 15, 2026. Investors should look for the "Operating EBITDA" to move toward the 25% target by Q3/ Q4 as HITS opex savings (bandwidth costs) begin to outweigh the new depreciation load.

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2. BUSINESS PERFORMANCE

2A. KEY METRICS

DATA SOURCE: PPT not available — all numbers sourced from concall transcript.

Metric	Current Qtr (Q1 FY27)	YoY Change	QoQ Change	Trend	Mgmt Commentary
Revenue (Consolidated)	□1,020 Cr	↑ 12%	↑ 9%	↑	Driven by expansion into new states and higher broadband ARPU.
Subscription Revenue	□291 Cr	Not Stated	↑ 2%	→	Sequential growth despite competitive pricing in new markets.
Broadband Revenue	□143 Cr	↑ 5%	↑ 2%	↑	Volume steady at 1.06 Mn subs; pricing power improving.
Consolidated EBITDA	□109 Cr	Not Stated	↑ 20%	↑	Improved from □90.8 Cr in Q4; includes □101 Cr "Operating EBITDA".
EBITDA Margin %	10.7%	Not Stated	↑ 100 bps	↑	Reported margin hit by HITS capitalization; Op-margin is 22%.
PAT	□2.3 Cr	↓ 71.3%*	↑ (From Loss)	□	Sequential improvement from Q4 loss, but YoY down on HITS costs.
Paying CATV Subs (Mn)	8.90	→ 0%	↑ 2.3%	↑	Reversal of churn; 200k adds sequentially.
Broadband ARPU (□)	470	↑ 1.1%	↑ 1.1%	↑	Consumers shifting from lower to higher speed packages.
Broadband Subs (Mn)	1.06	↑ 0.9%	→ 0%	→	Net adds remain modest at 10k YoY; focus shifting to "extraction".
Data Usage (GB/ user/mo)	436 GB	↑ 6%	→ 0%	↑	Consistent high usage supports ARPU growth via tier migration.
HITS Base (Mn)	2.70	First Entry	↑	↑	2.5 Mn converted + 200k new adds on the HITS platform.

YoY comparison based on Q1 FY26 PAT of 8 Cr implied by management commentary.

2B. SEGMENT BREAKDOWN

Segment	Revenue (□ Cr)	YoY Growth	Margin	Trend	vs Company Avg	Key Development
Digital TV	Not Stated	Not Stated	22%*	↑	Inline	Entered J&K and Kerala; 2.7 Mn subs now on HITS.
Broadband	□143 Cr	↑ 5%	22%*	→	Inline	New CEO appointed; Focus on 20-21% extraction rate from homepass.
ACT Acquisition	(Pipeline)	N/A	High	↑	Above	6 lakh sub addition expected to be EBITDA accretive from Q3.

**Management cites 22% as the "Consolidated Operating EBITDA Margin" across core businesses.*

3. MANAGEMENT OUTLOOK & EXECUTION TRACKER

Dimension	Category	Management Target / Claim	Required Run-Rate / Mathematical Feasibility	Historical Delivery	Risk Flag
Guidance	Margins	Operating EBITDA to reach 25% (currently 22%).	Needs ~□30 Cr incremental quarterly EBITDA from HITS/ACT.	Improving	Low
Guidance	M&A	Complete ACT Group acquisition by Sept 15, 2026.	□36.23 Cr cash payment; regulatory hurdles are primary risk.	First Entry	Moderate
Guidance	Broadband	Target 20-21% extraction rate (currently 16-17%).	Needs ~2.5 lakh net new subs on existing 6 Mn homepass.	Mixed	High
Guidance	Capex	□400 Cr for FY27.	50% for Broadband, 50% for Digital TV/ACT integration.	On Track	Low
Strategy	HITS	Full benefits of "Infinity" by Q4 FY27.	Already saved □4 Cr in Q1; needs to scale to offset □6 Cr D&A.	Delivered	Low
Strategy	Reach	Expand into every district in India via HITS.	Signal now present in 26 states and 5 UTs.	Delivered	Low
Balance	Profitability	PAT to improve as HITS implementation matures.	Requires HITS opex savings to outpace fixed D&A charges.	Missed	High

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	Saizal Agarwal, Desvelado	M&A Strategy	Capex & Allocation	What are the milestones for the ACT acquisition integration?	Management stated the ₹36.23 Cr deal for 6 lakh subs closes by Sept 15 and will be EBITDA accretive immediately upon consolidation. This implies a very low acquisition cost of ₹600/ sub, enhancing regional dominance in the South.	None	4.5	Specific timeline given
2	5.0	Sohani Sing, SK Capital	Profitability	Financials	Why did PAT decline to ₹2.3 Cr despite 12% revenue growth?	Management explained that PAT was hit by ₹6 Cr in incremental depreciation and finance costs from front-loading HITS infrastructure costs. This creates a temporary earnings "valley" where fixed costs precede the realization of opex savings.	Full breakdown of 'other' costs	4.0	Directional with evidence
3	4.0	Sohani Sing, SK Capital	Broadband	Business Overview	Why is broadband conversion slow despite stable homepass?	Management admitted a 16-17% extraction rate is low and has hired a new Broadband CEO to drive	Specific 12-month sub target	3.5	Management pivot

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						this to 20-21%. The hiring of Vivek Raina is a direct attempt to fix the utilization of the 6 Mn homepass.			
4	4.0	Dhara Mandhane, Sansej	Products	Business Overview	How do you increase upselling in Cable and Broadband?	Management is piloting "Combo" products (Cable + Broadband + Gaming) which are showing good early signs of stickiness. Success here would protect the base from OTT/Airtel/Jio "AirFiber" competition.	Pilot city metrics	3.0	Vague but consistent
5	5.0	Dhara Mandhane, Sansej	HITS ROI	Management Commentary	When will full HITS benefits materialize?	Management expects 40-50% of the benefit this year, with 100% (full bandwidth savings) kicking in by FY28. This provides a clear margin re-rating trigger for late FY27/ early FY28.	Actual bandwidth cost per sub	4.0	Quantified savings
6	4.5	Pahel Sharma, DD Capital	Geography	Business Overview	Rationale for entering J&K and Kerala?	These are "lucrative" markets where GTPL used HITS for low-cost entry and plans to	Initial capex for these states	4.0	Strategic rationale

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						follow up with Broadband. Strategic entry into DTH-heavy zones using a cheaper cable-satellite hybrid model.			
7	3.5	Vivek Gupta, Star Inv.	Technology	Business Overview	What is the cost-saving example of HITS vs. Traditional CATV?	Management cited a specific case where reaching a rural town (Chhindwara) via fiber costs □80/sub, whereas HITS has zero variable delivery cost. This confirms HITS is the only viable way to reach the 140 Mn "TV-dark" rural households.	None	5.0	Clear and quantified
8	3.0	Priti Agarwal, SK Assoc.	Content	Management Commentary	How are you managing rising content/ broadcaster costs?	Management relies on their "Largest MSO" status to negotiate and sometimes absorbs costs alongside LCO partners. This remains the biggest structural risk to margins if TRAI regulations change.	Specific NTO 3.0 impact	2.5	Hedged response

PATTERN FLAGS & SENTIMENT * **The "HITS" Transition:** Analysts are highly focused on the mismatch between revenue growth and PAT. Management's defense—that they are front-loading capitalization for long-term bandwidth savings—was consistent but requires Q3/Q4 results for verification. The sentiment on this is "cautious waiting." * **Broadband Extraction:** The 17% conversion rate of homepass is a recurring pain point. The appointment of a new CEO was a well-received response, but the market will now demand quarterly subscriber net-add acceleration to justify the ₹200 Cr Broadband capex.

Analyst Sentiment Verdict: The tone was professional and inquisitive, with a shift from "defensive" (in Q4) to "offensive" (due to ACT and HITS). Analysts were impressed by the low-cost acquisition of ACT but remain skeptical of the near-zero PAT margins. Credibility improved because management took the specific step of hiring a Broadband CEO to address previous criticisms. The unresolved issue is the exact timeline for when HITS savings (₹4 Cr/qtr) will finally dwarf the new depreciation load.

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5. WHAT CHANGED vs PRIOR QUARTER

What Changed	Prior Quarter (Q4 FY26)	This Quarter (Q1 FY27)	Direction
Subscriber Momentum	Paying subs down 200k YoY	**Paying subs up 200k QoQ**	↑ Improving
Inorganic Growth	Organic focus	**Acquiring 6 lakh ACT subs**	↑ Strategic Pivot
Broadband Leadership	Managed by CSO	**New CEO (Vivek Raina) appointed**	↑ Management Strength
HITS Scale	Newly Launched	**2.7 Mn subs now on HITS**	↑ Operational Scale
ARPU	₹465 (Broadband)	**₹470 (Broadband)**	↑ Pricing Power
Profitability	Net Loss (₹15.3 Cr)	**Net Profit (₹2.3 Cr)**	↑ Improving (from loss)
Regional Reach	24 States	**26 States (Entry into J&K, Kerala)**	↑ TAM Expansion
Operating EBITDA	18%	**22%**	↑ Margin Expansion

INVESTOR NOTES: * **CFO-to-PAT Divergence:** PAT is only ₹2.3 Cr, but EBITDA is ₹109 Cr. The massive divergence is driven by ₹106.7 Cr in non-cash/finance charges (D&A + Finance costs). This indicates the company is "hiding" significant cash-generating potential behind an accounting-heavy investment phase. * **The ACT Steal:** Acquiring 600,000 digital subscribers for ₹36.23 Cr is a valuation outlier. If GTPL can successfully integrate these without high churn, the payback period for this acquisition could be less than 18 months. * **The "Rural Moat":** Management's example of HITS cost (₹0 variable) vs. Fiber (₹80/sub variable) is the core of the long-term thesis. As telcos focus on high-ARPU urban fiber, GTPL is using HITS to aggregate the vast, low-competition rural Indian market. * **Risk:** The content trap remains. While GTPL is expanding, it is still at the mercy of broadcaster pricing. The synergy with ACT (becoming a "market leader") is their best defense against broadcaster price hikes.