

## GTPL Hathway Ltd — Oct 2025 Quarterly Analysis

### 1. VERDICT & BUSINESS QUALITY SNAPSHOT

**Result:** Miss **One-line:** The structural thesis is fraying as core retail growth (CATV and Broadband) has stalled, leaving the company entirely dependent on high-margin broadcaster incentives to maintain paper-thin profitability.

| Dimension                    | This Quarter              | Signal / Evidence                                                                                        | Sentiment |
|------------------------------|---------------------------|----------------------------------------------------------------------------------------------------------|-----------|
| Beat/Miss vs Prior Quarter   | Miss                      | Broadband net adds fell from 5k (Q1) to 0k (Q2); CATV active subs dropped 100k.                          | ☐         |
| Earnings Quality             | Low (Ad/Incentive driven) | 51% of Total Income now comes from Placement/Carriage fees (₹88.5 Cr), up from 47% in Q1.                | ☐         |
| Guidance Confidence          | Weak                      | Management again deferred the HITS launch (from Q2 to Q3) and blamed "rain" for sub losses.              | ☐         |
| Management Credibility       | Neutral                   | Successfully maintained "Operating Margins" but transparency on B2B Broadband scale remains poor.        | ☐         |
| Business Quality Signal      | Deteriorating             | Core CATV subscription revenue is down 3% YoY; negative operating leverage is intensifying.              | ☐         |
| Key Q&A Exchange             | Q# 1 (WC Balloon)         | Management admitted to a ₹100 Cr+ spike in broadcaster dues, claiming it's a seasonal "balloon."         | ☐         |
| The Street's Primary Anxiety | Competitive Attrition     | Analysts focused on the impact of Jio/Airtel "AirFiber" on stagnant broadband additions.                 | ☐         |
| Capital Cycle Stage          | Investment                | Continued heavy capex (₹53 Cr H1) into a business with a 1% PAT margin.                                  | ☐         |
| Margin Trajectory            | Deteriorating             | Consolidated EBITDA margin fell to 11.4% from 12.4% QoQ and 13.2% YoY.                                   | ☐         |
| Pricing Power                | Eroding                   | Management is focusing on "competitiveness" (discounts) over ARPU to defend the base.                    | ☐         |
| FCF Conversion               | Distorted                 | CFO/PAT is 6.5x, but this is entirely due to ₹2.3 Cr of depreciation on a massive, low-yield asset base. | ☐         |
| Competitive Moat Signals     | Shrinking                 | Churn in CATV (100k subs) suggests the "Gujarat Fortress" is no longer impenetrable.                     | ☐         |
| Balance Sheet Strength       | Adequate                  | Net Debt/Equity at 0.2x, but liquidity is tied up in broadcaster receivables (₹1,138 Cr).                | ☐         |
| Working Capital              | Deteriorating             | Trade Receivables up ₹49.7 Cr in 6 months; creates a circular dependency on broadcasters.                | ☐         |
| Mgmt Guidance Track Record   | Mixed                     | Repeatedly misses broadband add targets; HITS launch is a moving target.                                 | ☐         |
| Key Vulnerability            | Telco Disruption          | AirFiber is capping GTPL's ability to expand broadband outside Gujarat.                                  | ☐         |
| Management Tone              | Cautious/Defensive        | Heavily relied on external factors (rain, lack of cricket) to explain weak subscription performance.     | ☐         |

**Sentiment:** ☐Negative

**Key Takeaways:**

- \* **Positives:** GTPL remains the #1 MSO in India by volume, and its "Operating EBITDA" (Mgmt's internal metric) is stable at 22%. The HITS platform, though delayed, remains the only viable "hail mary" for rural expansion and delivery cost reduction.
- \* **Negatives:** The "Retail Growth Engine" has hit a wall. Broadband net adds were effectively zero this quarter (1,050k subs), and CATV paying subscribers are flat YoY. Profitability is being artificially sustained by Broadcaster Placement fees (₹88.5 Cr), which grew 29% YoY, masking a 3% decline in core CATV subscription income.
- \* **Street Concern:** Analysts are rightly worried that 5G/AirFiber is not just a "temporary euphoria" but a permanent structural cap on GTPL's high-speed internet growth.
- \* **Forward Watchpoint:** The Q3 FY26 launch of the HITS platform. If this does not trigger immediate inorganic consolidation or rural sub gains, the business risk becomes a "value trap" with declining core cash flows.

## 2. BUSINESS PERFORMANCE

### 2A. KEY METRICS

DATA SOURCE: PPT figures primary; Concall used for commentary.

| Metric                     | Current Qtr (Q2FY26) | YoY Change | QoQ Change | Trend | Mgmt Commentary                                             |
|----------------------------|----------------------|------------|------------|-------|-------------------------------------------------------------|
| Revenue (₹Cr)              | 964.9                | ↑ 12%      | ↑ 6%       | →     | Growth driven by Placement Fees (+29% YoY); core subs down. |
| CATV Sub Revenue (₹ Cr)    | 302.4                | ↓ 3%       | → 0%       | ↓     | Impacted by 100k sub loss and lack of major sports events.  |
| Broadband ISP Rev (₹ Cr)   | 139.3                | ↑ 2%       | ↑ 2%       | →     | Stagnant volumes offset by small 5G ARPU uptick.            |
| Placement/Carriage (₹ Cr)  | 488.5                | ↑ 29%      | ↑ 13%      | ↑     | High-margin income now carries the entire business.         |
| EBITDA (₹Cr)               | 110.1                | ↓ 3%       | ↓ 2%       | ↓     | Squeezed by Pay Channel costs (up 21% YoY).                 |
| EBITDA Margin %            | 11.4%                | ↓ 180 bps  | ↓ 100 bps  | ↓     | Negative operating leverage; costs outperforming revenue.   |
| PAT (₹Cr)                  | 9.3                  | ↓ 11%*     | ↓ 11%      | ↓     | *Converted from 93 Mn. Paper-thin margins (0.96%).          |
| Broadband ARPU (₹)         | 465                  | ↑ 1.1%     | → 0%       | →     | Stable; management focused on retention over hikes.         |
| Paying CATV Subs (Mn)      | 8.80                 | → 0%       | ↓ 1.1%     | ↓     | Down from 8.90 Mn in Q1; "Rain and Churn" cited.            |
| Broadband Active Subs (Mn) | 1.05                 | ↑ 1.0%     | → 0%       | ↓     | Net adds stalled at 0k for the quarter (1,050k).            |
| Data Usage/Cust (GB/mo)    | 410                  | ↑ 17%      | Not in Doc | ↑     | Consumption rising but not yet translating to tiered ARPU.  |
| Net Debt / Equity (x)      | 0.2                  | → 0%       | → 0%       | →     | Debt is stable, but liquidity is tied in receivables.       |
| H1 Capex (₹Cr)             | 153.0                | Not in Doc | ↑ 94%      | □     | Q2 spend of ₹4 Cr (vs ₹9 Cr in Q1).                         |

### 2B. SEGMENT BREAKDOWN

| Segment   | Revenue<br>(₹Cr) | YoY<br>Growth | Margin | Trend | vs Co.<br>Avg | Key Development                                         |
|-----------|------------------|---------------|--------|-------|---------------|---------------------------------------------------------|
| Cable TV  | 817.0 (est)      | ↑ 13%         | 22%*   | ↓     | Inline        | Reliant on Placement fees to mask -3% Sub Rev.          |
| Broadband | 139.3            | ↑ 2%          | 22%*   | ↓     | Below         | Growth has flatlined due to Telco AirFiber competition. |

*\*Note: Management's "Operating EBITDA" excludes activation and other non-operating income.*

### 3. MANAGEMENT OUTLOOK & EXECUTION TRACKER

| Dimension | Category       | Management Target / Claim                      | Required Run-Rate / Mathematical Feasibility                      | Historical Delivery | Risk Flag |
|-----------|----------------|------------------------------------------------|-------------------------------------------------------------------|---------------------|-----------|
| Guidance  | Revenue        | CAGR of 8% to 11% in subscriptions.            | Currently at -3% YoY for CATV; requires massive Q3/Q4 turnaround. | Missed              | High      |
| Guidance  | Broadband Subs | Rebound in growth in H2 FY26.                  | Needs ~50k adds/qtr to hit old targets; currently at 0k.          | Missed              | Critical  |
| Strategy  | HITS Launch    | Launch in Q3 FY26.                             | Delayed from Q2; tech integration appears finalized.              | Delayed             | Moderate  |
| Strategy  | B2B Broadband  | 100k+ subs expected (concall says "100 plus"). | Current scale is negligible; execution is unproven.               | New                 | High      |
| Macro     | Competition    | AirFiber impact is "tapering down."            | 0 net adds in Q2 suggests impact is persistent, not tapering.     | Unproven            | High      |
| Balance   | Capex          | ₹50 Cr to ₹100 Cr for FY26.                    | H1 spend of ₹53 Cr means they are on track to meet guidance.      | Delivered           | Low       |

## 4. ANALYST Q&A

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| Q# | Relevance | Analyst / Firm          | Theme Cluster   | Category          | Underlying Concern                                                                                                 | Management Response & Investment Implication                                                                                                                                                                                                            | Evaded / Not Addressed          | Credibility | Verdict        |
|----|-----------|-------------------------|-----------------|-------------------|--------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------|-------------|----------------|
| 1  | 4.5       | Rehan Saiyyed, Trinetra | Working Capital | Financials        | "Significant increase in receivables and payables in this quarter related to broadcaster settlements... one time?" | Management explained the ₹400 Cr+ spike as a seasonal "balloon" that builds mid-year during broadcaster deal cycles and tapers by March. This confirms GTPL's liquidity is highly dependent on broadcaster payment cycles rather than retail cash flow. | Specific cash collection dates. | 3.0         | Defensive      |
| 2  | 5.0       | Rehan Saiyyed, Trinetra | Growth          | Business Overview | "Broadband subscriber addition have remained flat... what specific measures are you taking to accelerate?"         | Management admitted Jio/ Airtel AirFiber slowed their growth but claimed the "wireless euphoria" is now stabilizing. If adds don't rebound in Q3, the thesis of GTPL as a "Broadband Growth Story" is effectively dead.                                 | Specific regional add targets.  | 2.5         | Unconvincing   |
| 3  | 4.0       | Aditya Rawal, Exencial  | Profitability   | Financials        | "Continuous decline in paid [profitability]... what concrete step is GTPL Hathway                                  | Management highlighted their 22% "Operating EBITDA" and the upcoming HITS platform as tools to                                                                                                                                                          | Specific ROE targets.           | 3.0         | Shift in focus |

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|----|-----------|----------------------|---------------|-----------------------|-------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|-------------|-------------------|
|    |           |                      |               |                       | planning to rebound?"                                                               | reduce delivery costs and expand reach. This shift from retail growth to "cost conservation" indicates a defensive business stage.                                                                                     |                        |             |                   |
| 4  | 3.0       | Sakshi Dwivedi, VRKS | ARPU          | Business Overview     | "Are there any like differences in ARPU between Tier 1, Tier 2 and Tier 3 markets?" | Management confirmed Tier 1 ARPUs are significantly higher due to HD package adoption (35% in metros vs 10% in B-towns). This highlights the risk of margin dilution as GTPL expands into more rural markets via HITS. | Specific ARPU by tier. | 4.0         | Clear pricing mix |
| 5  | 3.5       | Sakshi Dwivedi, VRKS | BharatNet     | Management Commentary | "Update on BharatNet project... any resolution on the same?"                        | Management noted the tender process is restarting and they are bidding for both big and small tenders. Success here would transform GTPL into an EPC/Govt contractor, diversifying but also complicating               | Expected win rate.     | 3.0         | Opportunistic     |

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|----|-----------|---------------------------|---------------|-------------------|-----------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|-------------|-----------------------|
|    |           |                           |               |                   |                                                                                               | the business model.                                                                                                                                                                                                                                      |                          |             |                       |
| 6  | 4.5       | Vridhi Vora, SAS Capital  | Revenue       | Financials        | "Subscription revenue has been seeing a marginal decline... perspective on what led to this?" | Management blamed excessive rains in Q2 and a lack of major sporting events (post-IPL) for the 100k sub loss. This suggests the base is highly sensitive to external variables and lacks intrinsic loyalty/ stickiness.                                  | None                     | 3.5         | Externalizing blame   |
| 7  | 4.0       | Vridhi Vora, SAS Capital  | Tech          | Business Overview | "Broadband distribution methods in terms of air fiber and very recently satellite broadband?" | Management claimed AirFiber growth is "stabling down" and dismissed satellite broadband as too expensive for the Indian market due to equipment costs. This dismissive stance on satellite competition may be a blind spot if telcos subsidize hardware. | Specific hardware costs. | 2.5         | Potentially hubristic |
| 8  | 3.0       | Varun Mishra, Vishwas PMS | ARPU          | Financials        | "Management target of benchmark on the ARPU like growth                                       | Management stated they are prioritizing subscriber acquisition                                                                                                                                                                                           | None                     | 4.0         | Realistic             |

| Q# | Relevance | Analyst / Firm        | Theme Cluster | Category             | Underlying Concern                                                                                                   | Management Response & Investment Implication                                                                                                                                                         | Evaded / Not Addressed | Credibility | Verdict         |
|----|-----------|-----------------------|---------------|----------------------|----------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|-------------|-----------------|
|    |           |                       |               |                      | over the next 2 to 3 years?"                                                                                         | and retention over ARPU hikes in a "sensitive market." Investors should expect flat real ARPUs for the foreseeable future.                                                                           |                        |             |                 |
| 9  | 3.5       | Vivek Gupta, Star Inv | Capex         | Capex and Allocation | "Update us on the capex spend during this quarter... elaborate on what is like this spending primarily pertains to?" | Management detailed H1 capex of ₹53 Cr, with ₹0 Cr for CATV (primarily STBs and HITS) and ₹3 Cr for Broadband (CPE). The high STB spend (95% of CATV capex) suggests a high replacement/ churn cost. | STB unit costs.        | 4.5         | Detailed        |
| 10 | 4.5       | Nakul Doshi           | OTT           | Strategy             | "Approach to subscription pricing for the OTT platform?"                                                             | Management intends to be "very competitive" (low priced) to drive customer acquisition and retention. OTT is being used as a defensive "hook" rather than a standalone profit center.                | None                   | 4.0         | Defensive pivot |

**PATTERN FLAGS & SENTIMENT** Analysts were visibly concerned about the **stalled broadband growth** and the **revenue mix shift** toward non-subscription income. The recurring theme was competition from "AirFiber,"

and management's response—blaming "rain" and "events"—felt like a deflection from the structural reality that Jio/Airtel are taking the marginal subscriber.

**Analyst Sentiment Verdict: Skeptical/Concerned.** The lack of net broadband adds despite a 17% increase in data consumption suggests GTPL is failing to monetize the "data boom." Credibility took a slight hit as the HITS launch was pushed back yet again. The single greatest risk is the **0% growth in paying broadband subs**, which was the primary long-term re-rating driver for the stock.

#### **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+ adds/qtr (historical run-rate target). | 0k adds in Q2.               | 100% miss on volume growth.      | Critical - Stalled engine. |
| HITS Launch      | Launch expected in Q2 FY26.                 | Launch now in Q3 FY26.       | 1-quarter delay in key catalyst. | Moderate - Timing risk.    |
| Subscription Rev | Target "Double-Digit Growth."               | Currently at -3% YoY (CATV). | Massive realization gap.         | High - Yield erosion.      |

#### **5. WHAT CHANGED vs PRIOR QUARTER**

| What Changed                    | Prior Quarter (Q1FY26)     | This Quarter (Q2FY26)                                                                               | Direction                |
|---------------------------------|----------------------------|-----------------------------------------------------------------------------------------------------|--------------------------|
| <b>Broadband Momentum</b>       | 5,000 net adds.            | 0 net adds.                                                                                         | ↓ Deteriorating          |
| <b>Active CATV Base</b>         | 9.60 Million.              | 9.50 Million.                                                                                       | ↓ Deteriorating          |
| <b>HITS Launch Timeline</b>     | Q2 FY26 (Expected).        | Q3 FY26 (New Target).                                                                               | ↓ Delayed                |
| <b>Placement Fee Dependency</b> | 47% of Total Income.       | 51% of Total Income.                                                                                | ↓ Lower Quality Earnings |
| <b>Working Capital</b>          | Stable / "middle of year". | ₹400 Cr+ spike in Broadcaster dues.                                                                 | ↓ Deteriorating          |
| <b>Broadband ARPU</b>           | ₹60.                       | ₹65.                                                                                                | ↑ Slight Improvement     |
| <b>Management Focus</b>         | Rural expansion / HITS.    | Cost conservation / Retention.                                                                      | ↓ Defensive Stance       |
| <b>Thesis Status</b>            | <b>Weakening.</b>          | <b>Under Siege.</b> Core retail growth is absent; business is now a yield play on broadcaster fees. | ↓ Deteriorating          |

**INVESTOR NOTES: \* Earnings Quality Alert:** The entire H1 profit is essentially "subsidized" by Broadcasters. Subscription revenue (CATV + Broadband) of ₹41.7 Cr is insufficient to cover Total Expenditure of ₹54.8 Cr. Without ₹88.5 Cr in "Placement Fees," the company would be deeply loss-making. **\* Working Capital Spike:** The ₹49.7 Cr increase in receivables is concerning. While management calls it a "balloon," it represents over 50% of quarterly revenue sitting on the balance sheet, increasing credit risk if broadcasters renegotiate terms. **\* Broadband Plateau:** 1.05 million subscribers seems to be a hard ceiling in the current competitive environment. Management has no clear answer for how to restart growth against 5G AirFiber beyond "waiting for euphoria to end."