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 (□488.5 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 □400 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 (□153 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 □182.3 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 □549.7 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 (□488.5 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.

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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 □5 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 □74 Cr (vs □79 Cr in Q1).

2B. SEGMENT BREAKDOWN

Segment	Revenue (□Cr)	YoY Growth	Margin	Trend	vs Co. 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	□350 Cr to □400 Cr for FY26.	H1 spend of □153 Cr means they are on track to meet 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	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

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					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 ₹153 Cr, with ₹90 Cr for CATV (primarily STBs and HITS) and ₹63 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.

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5. WHAT CHANGED vs PRIOR QUARTER

What Changed	Prior Quarter (Q1FY26)	This Quarter (Q2FY26)	Direction
Broadband Momentum	5,000 net adds.	0 net adds.	↓ Deteriorating
Active CATV Base	9.60 Million.	9.50 Million.	↓ Deteriorating
HITS Launch Timeline	Q2 FY26 (Expected).	Q3 FY26 (New Target).	↓ Delayed
Placement Fee Dependency	47% of Total Income.	51% of Total Income.	↓ Lower Quality Earnings
Working Capital	Stable / "middle of year".	₹400 Cr+ spike in Broadcaster dues.	↓ Deteriorating
Broadband ARPU	₹460.	₹465.	↑ Slight Improvement
Management Focus	Rural expansion / HITS.	Cost conservation / Retention.	↓ Defensive Stance
Thesis Status	**Weakening.**	**Under Siege.** 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 ₹441.7 Cr is insufficient to cover Total Expenditure of ₹854.8 Cr. Without ₹488.5 Cr in "Placement Fees," the company would be deeply loss-making. * **Working Capital Spike:** The ₹549.7 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."