# GTPL Hathway Ltd — Oct 2026 Quarterly Analysis

## 1. VERDICT & BUSINESS QUALITY SNAPSHOT

**Result:** Beat (Operational) / Miss (Financials) **One-line:** GTPL is successfully executing a massive regional land-grab (ACT acquisition) and a national technical pivot (HITS), but the "J-curve" of front-loaded costs has temporarily pushed the business into a net loss.

| Dimension | This Quarter | Signal / Evidence | Sentiment |
|---|---|---|---|
| Beat/Miss vs Prior Quarter | Weak Miss | Revenue grew 12% QoQ, but PAT collapsed from □1.4 Cr to a □0.5 Cr loss. | □ |
| Earnings Quality | Low (Transitory) | Reported EBITDA is flat despite 19% YoY revenue growth; PAT hit by □4.5 Cr forex and □3.0 Cr HITS costs. | □ |
| Guidance Confidence | Neutral | Management maintains 25% Op-EBITDA target by FY27-end, but current performance is lagging at 20%. | □ |
| Management Credibility | Strong | Masterful capital allocation in the ACT deal (□600/subscriber) and hiring a dedicated Broadband CEO. | □ |
| Business Quality Signal | Improving | Scale is exploding (11 Mn subs); pivot to HITS (Infinity) creates a zero-marginal-cost rural delivery moat. | □ |
| Key Q&A Exchange | Q12 (Growth Attribution) | ACT contributed 6 lakh subs; organic growth remains healthy at 9 lakh subs this quarter. | □ |
| The Street's Primary Anxiety | PAT Compression | Why did margins shrink during a growth phase? (Forex + HITS transponder costs + integration drag). | □ |
| Capital Cycle Stage | Investment | Heavy inorganic and HITS expansion phase; harvesting is pushed to late FY27/FY28. | □ |
| Margin Trajectory | Deteriorating | Reported EBITDA margins compressed to 9.6% (from 11.4% YoY). | □ |
| Pricing Power | Stable | Broadband ARPU up to □470; Cable subscription revenue up 19% YoY. | □ |
| FCF Conversion & Quality | Distorted | High D&A and interest costs (□10.7 Cr sequential increase) masking operational cash flow. | □ |
| Competitive Moat Signals | Widening | Dominance in AP/Telangana via ACT; HITS allows rural entry where fiber is too expensive. | □ |
| Balance Sheet Strength | Adequate | Funded □35.55 Cr ACT deal through internal accruals; net debt status remains manageable. | □ |
| Working Capital Efficiency | Stable | 100% prepaid base in digital TV ensures high collection efficiency (80%+). | □ |
| Mgmt Guidance Track Record | Reliable | Delivered on inorganic expansion and HITS migration (60% complete). | □ |
| Key Vulnerability | Transition Gap | Fixed costs of HITS and ACT hit the P&L immediately, while synergy savings lag by 2 quarters. | □ |
| Management Tone | Confident / Offensive | Focused on "cleanup" completion and aggressive market share gains over telcos. | □ |

**Sentiment: □Positive (Long-term) / □Neutral (Short-term)**

**Key Takeaways:** * **Positives:** The strategic scale-up is undeniable. Active CATV subs jumped to 11.0 Mn (up 1.5 Mn QoQ), partly driven by the ACT acquisition which was closed at a highly accretive price of □600 per subscriber. The launch of "TrueFiber" and the appointment of Vivek Raina as Broadband CEO address the "extraction rate" bottleneck (stagnant 17% conversion of homepass). * **Negatives:** Profitability has hit a valley. The □0.5 Cr net loss is a result of □7.5 Cr in one-off/transitory costs (Forex + 7 new transponders for HITS). Broadband subscriber adds remain sluggish at 10k QoQ, indicating organic growth is struggling to keep pace with the massive 6 Mn homepass capacity. * **Street Concern:** Analysts are focused on the "EBITDA leak"—revenue is up 19% YoY, but EBITDA is flat. Management's response: the ACT business currently operates at 12% margins vs. GTPL's 20%+, but will be optimized to 25% by FY27-end via integration synergies. * **Watchpoint:** Q4 FY27 will be the "truth" quarter. By then, the ACT integration must deliver a 150-250 bps lift in operating margins, and Broadband adds must accelerate to 20k+/month to justify the investment.

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## 2. BUSINESS PERFORMANCE

### 2A. KEY METRICS

DATA SOURCE: PPT figures used as primary source. Concall used for Mgmt Commentary.

| Metric | Current Qtr (Q2 FY27) | YoY Change | QoQ Change | Trend | Mgmt Commentary |
|---|---|---|---|---|---|
| Revenue (□Cr) | □1,146.4 | ↑ 19% | ↑ 12% | ↑ | Volume-led growth in CATV; Broadband up 5% on realization. |
| CATV Subscription Rev (□Cr) | □345.5 | ↑ 14% | ↑ 19% | ↑ | Driven by ACT acquisition and organic HSM market gains. |
| Broadband Rev (□Cr) | □145.9 | ↑ 5% | ↑ 2% | ↑ | Migration to higher-speed plans (200 Mbps) offset volume lulls. |
| EBITDA (□Cr) | □110.3 | → 0% | ↑ 1% | → | Flat YoY as content costs (↑26%) and transponder costs hit P&L. |
| EBITDA Margin % | 9.6% | ↓ 180 bps | ↓ 110 bps | ↓ | Reported margin hit by HITS capitalization and low-margin ACT base. |
| Operating EBITDA % | 20% | ↓ 200 bps | ↓ 200 bps | ↓ | Includes transitory costs; target is 25% by end of FY27. |
| PAT (□Cr) | -□0.5 | ↓ 122% | ↓ 136% | ↓ | One-time impact of □4.5 Cr forex loss and □3.0 Cr transponder cost. |
| Active CATV Subs (Mn) | 11.0 | ↑ 16% | ↑ 15% | ↑ | 6 lakh from ACT; 9 lakh organic addition (1.5 Mn total). |
| Paying CATV Subs (Mn) | 10.3 | ↑ 17% | ↑ 16% | ↑ | Paying conversion remains high at 93.6%. |
| Broadband Subs (Mn) | 1.07 | ↑ 2% | ↑ 1% | → | Sluggish 10k net adds; focus on "TrueFiber" brand to revive. |
| Broadband ARPU (□) | □470 | ↑ 1.1% | → 0% | → | Consumers opting for higher speeds (436 GB usage/month). |
| Homepass (Mn) | 6.00 | ↑ 1% | ↑ 1% | → | Cleanup of network to 75% FTTX/GPON complete. |
| Net Debt / Equity (x) | Not Stated | - | - | - | PPT mentions ACT funded via cash (□35.55 Cr). |

### 2B. SEGMENT BREAKDOWN

| Segment | Revenue (□Cr) | YoY Growth | Margin | Trend | vs Avg | Key Development |
|---|---|---|---|---|---|---|
| Digital TV | □1,000.5* | ↑ 21% | 20%* | ↑ | Inline | ACT Group acquisition completed Sept 15; added 4 states. |
| Broadband | □145.9 | ↑ 5% | 20%* | → | Inline | Migration to GPON complete; new CEO Vivek Raina appointed. |
| ACT Business | (Pipeline) | N/A | 12% | ↑ | Below | Current margin 12%; expected to hit 25% post-synergy. |
| **Derived from Consolidated Total Income minus Broadband Revenue. Operating margins reported as 20% consolidated for the quarter.* | | | | | | |

## 3. MANAGEMENT OUTLOOK & EXECUTION TRACKER

| Dimension | Category | Management Target / Claim | Required Run-Rate / Feasibility | Historical Delivery | Risk Flag |
|---|---|---|---|---|---|
| Guidance | CATV Subs | 13-14 Mn in 3 years. | Needs ~0.25 Mn/qtr net adds. Feasible given current run-rate. | Strong | Low |
| Guidance | Margins | Op-EBITDA to reach 25% (from 20%). | Needs □50 Cr incremental EBITDA; relies on HITS/ACT synergies. | Mixed | High |
| Guidance | Broadband | 1.2 Mn subs in 3 years. | Needs 10k+ adds monthly. Achieved only 3.3k/mo recently. | Weak | High |
| Guidance | Extraction Rate | 20-21% conversion (currently 17-18%). | Needs ~2.5 lakh new subs on current homepass base. | Delayed | Moderate |
| Strategy | HITS | 100% existing network on HITS by Jan 2027. | 60% already complete; on track for bandwidth savings in Q4. | On Track | Low |
| Strategy | Acquisitions | Integration of ACT and 74% stake in DL GTPL. | Cash consideration □35.55 Cr and □8.33 Cr respectively. | Delivered | Low |
| Strategy | Branding | Revive growth via "TrueFiber" brand. | Early stages; marketing spend may hit short-term margins. | First Entry | Moderate |

## 4. ANALYST Q&A

| Q# | Relevance | Analyst / Firm | Theme Cluster | Category | Underlying Concern | Management Response & Investment Implication | Evaded | Credibility | Verdict |
|---|---|---|---|---|---|---|---|---|---|
| 1 | 4.5 | Nimish Varma, Vexora Sec | ACT Synergies | Capex and Allocation | What integration actions are needed to bring ACT economics to group levels? | Management confirmed ACT currently has 12% margins but will hit 25% once integrated into GTPL systems and content deals. Immediate EBITDA accretion is expected as 1.25 lakh primary subs have high ARPU. | Specific opex cuts | 4.0 | Specific timeline |
| 2 | 4.0 | Nimish Varma, Vexora Sec | DL GTPL Deal | Capex and Allocation | What are the benefits of the 74% stake buy in DL GTPL? | Buying the remaining 74% adds 1.5 lakh subs in core HSM markets (Gujarat/ Maharashtra) with full synergy benefits. This consolidates regional dominance and simplifies decision-making. | None | 5.0 | Strategic fit |
| 3 | 4.0 | Nimish Varma, Vexora Sec | HITS Expansion | Business Overview | Which markets are prioritized for HITS and what is the viability? | Focus is on converting the existing 11 Mn base first (60% done) before targeting "cable-dark" rural areas after January. HITS allows nationwide signal availability without the | Rural sub targets | 3.5 | Phased plan |

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|---|---|---|---|---|---|---|---|---|---|
| | | | | | | variable delivery costs of fiber. | | | |
| 4 | 3.5 | Suvarna, Chanakya Cap | Broadband Slowdown | Business Overview | Why has broadband addition slowed to 10k per quarter? | Management cited a one-year "cleanup" and migration to GPON/ FTTH which is now complete. New CEO Vivek Raina is tasked with returning to the 20k-25k monthly addition run-rate. | Monthly churn % | 3.0 | Structural reset |
| 5 | 5.0 | Santosh Shetty, LGC Capital | Margin Mix | Financials | How will the revenue mix evolve between TV, Broadband, and Placement? | Management expects double-digit growth in both segments and an Operating EBITDA expansion of 150-250 bps by year-end. This hinges on HITS delivery cost savings (bandwidth) offsetting broadcaster cost hikes. | Placement rev growth | 4.0 | Clear margin bridge |
| 6 | 4.5 | Pahal Sharma, DD Group | Competition | Management Commentary | How is GTPL responding to Telco/Jio pricing and fiber networks? | GTPL claims to be "at par" with telcos on technology and is beating them in strong regional markets through better local | Pricing pressure | 3.0 | Deflected |

| Q# | Relevance | Analyst / Firm | Theme Cluster | Category | Underlying Concern | Management Response & Investment Implication | Evaded | Credibility | Verdict |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | | service. Competition is viewed as "healthy" and prevents complacency. | | | |
| 7 | 4.0 | Suhani Singh, ROS Capital | Growth Attribution | Business Overview | How much of the 1.5 Mn CATV growth was ACT vs. Organic? | ACT contributed 6 lakh subs (of which 1.25 lakh are primary), meaning organic growth was 9 lakh subs this quarter. This indicates very strong HSM market momentum beyond just the acquisition. | None | 5.0 | Quantified |
| 8 | 4.5 | Yash Mehta, GKP Capitals | PAT Decline | Financials | What prevented revenue growth from translating into EBITDA/ PAT? | Management blamed the ☐7.5 Cr additional hit from forex and transponder costs, plus the lower (12%) initial margin of the ACT business. PAT is expected to recover as transitory costs normalize and synergies kick in. | Forex hedging | 3.0 | Transitory defense |

**PATTERN FLAGS & SENTIMENT** * **The "Extraction Rate" Anxiety:** Analysts repeatedly questioned the slow broadband uptake despite a 6 Mn homepass. Management’s defense was that they prioritized "quality and cleanup" (GPON migration) over "quantity," but the hiring of a new CEO (Vivek Raina) signals that they are finally ready to pivot back to aggressive sales. * **Acquisition Digestibility:** The Street is impressed by the price

of the ACT deal but wary of the margin dilution. Management was confident that the "GTPL system" can double ACT's margins in six months, a claim that will be the primary benchmark for management credibility next quarter. * **Analyst Sentiment Verdict:** Cautiously Optimistic. Analysts were satisfied with the strategic logic of the acquisitions but remained skeptical of the near-term bottom-line impact. The "Operating EBITDA" vs. "Published EBITDA" bridge (20% vs 9.6%) was accepted, but the pressure to deliver the 25% margin target by Q4 is high. Management's credibility was bolstered by providing specific sub-attribution (600k inorganic vs 900k organic).

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## 5. WHAT CHANGED vs PRIOR QUARTER

| What Changed | Prior Quarter (Q1 FY27) | This Quarter (Q2 FY27) | Direction |
|---|---|---|---|
| **Active CATV Subs** | 9.60 Mn | **11.00 Mn** | ↑ Scale |
| **CATV Revenue** | □291.3 Cr | **□345.5 Cr** | ↑ Momentum |
| **PAT** | □1.4 Cr Profit | **-□0.5 Cr Loss** | ↓ Profitability |
| **Inorganic Growth** | Pipeline | **ACT Group Acquisition Completed** | ↑ Expansion |
| **Management** | Interregnum | **Broadband CEO Vivek Raina onboarded** | ↑ Credibility |
| **Operational Margin** | 22% | **20%** | ↓ Compression |
| **HITS Migration** | Early Stage | **60% Base Converted** | ↑ Execution |
| **Forex Impact** | Negligible | **□4.5 Cr Unrealized Loss** | ↓ One-off |

**INVESTOR NOTES:** * **CFO-to-PAT Divergence:** While PAT is negative, Operating EBITDA is □103.3 Cr. The divergence is purely driven by □101.9 Cr in non-cash Depreciation/Amortization and □11.3 Cr in finance costs. The business is generating healthy cash from operations, but accounting charges related to the HITS infrastructure are "burying" the profit. * **The "ACT" Arbitrage:** GTPL paid □35.55 Cr for 6 lakh subs (approx □600/sub). If these subs generate an ARPU of □100, the acquisition pays for itself in revenue terms in just 6 months. This is elite-tier capital allocation. * **Structural Risk:** Pay Channel Costs rose 26% YoY (□778.8 Cr). GTPL is fighting a battle where content costs grow faster than subscriber revenue, making HITS (bandwidth savings) a mandatory survival tool, not just an expansion tool.