



“GTPL Hathway Limited
Q2 and H1 FY2022 Results Conference Call”

October 18, 2021



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Moderator: Ladies and gentlemen, welcome to the Q2 and H1 FY2022 Results Conference Call of GTPL Hathway hosted by Emkay Global Financial Services. We have with us today Mr. Anirudhsinh Jadeja – Promoter and Managing Director, Mr. Rajan Gupta – Chairman and Non-Executive Director, Mr. Piyush Pankaj – Business Head (CATV) and Chief Strategy Officer and Mr. Anil Bothra – Chief Financial Officer. As a reminder, all participant lines will be in the listen only mode and there will be an opportunity for you to ask questions at the end of today’s presentation. Should you need assistance during the conference call please signal an operator by pressing “*” then “0” on your touchtone phone. Please note that this conference is being recorded. I would now like to hand the conference over to Mr. Naval Seth of Emkay Global Financial Services. Thank you and over to you!

Naval Seth: Thank you. Good evening, everyone. I would like to welcome the management and thank them for this opportunity. I shall now hand over the call to the management for their opening remark. Over to you Sir!

Anirudhsinh Jadeja: Thank you Naval Ji. Good evening, everyone. A warm welcome to all of you to the conference call of GTPL Hathway Limited, to discuss the financial and operational performance of Q2 and H1FY22.

We continue to deliver on key KPIs during H1 FY22. The highlights for H1 FY22 was robust subscribers’ addition and subscription revenues for our broadband business. The Company added 1,00,000 net broadband subscribers in H1 FY22 taking to the total broadband subscribers to 7,35,000 during H1 FY22. GTPL’s active CATV subscriber base grew by 3% YoY to 8.05 million.

The Company’s balance sheet remains strong as we are net debt free company with an impressive ROCE and ROE of 33% and 20% respectively on an annualized basis. With the economy getting back to normalcy led by aggressive vaccination drive, GTPL is geared to strengthen its presence in the existing and new markets.

With that, I hand over to Mr. Piyush Pankaj who will take you through the business and financial aspects of the company. Over to you, Piyush!

Piyush Pankaj: Thank you, Mr. Jadeja. Good evening, everyone. As you are aware GTPL Hathway is one of the few consistently profit-making cable TV and broadband company in India. In the last five years, our CATV paying subscriber base has grown sharply by 2x to 7.35 million. Our broadband subscriber base has grown by 3.6x to around 0.7 million.

We are number one private wireline broadband player in Gujarat. We have been consistently generating free cash flow and achieved net debt free status in FY21. GTPL has

consistently rewarded its shareholders with regular dividends. Additionally, I am happy to share with you that GTPL Hathway Limited has been accredited with the prestigious ISO certification for both CATV and Broadband business. We have appointed Deloitte as statutory auditor for GTPL Broadband, a 100% subsidiary of listed entity.

Let me now share the performance highlights for H1 FY22.

In the CATV segment, our active subscribers stood at 8.05 million as on September 30, 2021. GTPL's digital CATV services reached 1,000 plus towns spread across 15 states in India. The Company is expanding aggressively in Maharashtra, Andhra Pradesh, Telangana, Tamil Nadu and the Northeastern states. Of the 300 million plus households in India only 210 million households, i.e., translating to 70% penetration are connected with TV services. The CATV industry offers an underlying growth opportunity for an organized and seasoned player like GTPL Hathway. Our CATV business expansion will gain momentum with organic and inorganic growth in the coming quarters.

The Indian Wireline Broadband sector is a sunrise industry with huge untapped growth potential. It accounts for meager 6% penetration of the total households in India. Additionally, propel of high-speed unlimited data package offers an opportunity to connect homes with wireline broadband services.

In the broadband segment, we added 3,30,000 new home passes in H1 FY22, taking the total home pass as on September 30, 2021, to 4.20 million. During the quarter, GTPL added 45,000 net broadband subscribers taking the total net broadband subscribers as on September 30, 2021, to 7,35,000. The broadband ARPU for H1 FY22 grew by 5.2% YoY to Rs. 440 per month. GTPL looks forward to expanding its broadband business by leveraging its existing base of 10 plus million CATV subscribers and attracting new broadband subscribers through business partners.

Let us now move to our financial performance. On our consolidated business, excluding EPC contract during Q2 FY22, GTPL's consolidated revenue grew by 18% YoY to Rs. 5,992 million. The CATV subscription revenue stood at Rs. 2,715 million, the broadband revenue for the quarter surged by 50% YoY to Rs. 1,006 million, led by healthy growth in our subscriber base. EBITDA for the quarter increased by 8% YoY to ₹ 1,443 million with a margin of 24.1%

On our consolidated business, including EPC contract during Q2 FY22, GTPL's consolidated revenue grew by 4% YoY to Rs. 6,052 million. EBITDA for the quarter increased by 4% YoY to Rs. 1,448 million with a margin of 23.9%. PAT for the quarter stood at 433 million.

Our EPC contract during Q2 FY22 reported the revenue, EBITDA, and profit before tax of Rs.61 million, Rs.4 million and Rs.4 million, respectively.

On our standalone business, excluding EPC contract during Q2 FY22, the Company's revenue grew by 11% YoY to Rs. 3,757 million. The Company reported EBITDA of Rs. 794 million with an EBITDA margin of 21.1%.

On our standalone business, including EPC contract during Q2 FY22, the Company's revenue stood at Rs. 3,818 million. EBITDA during the quarter stood at Rs. 798 million with an EBITDA margin of 20.9%. PAT during the quarter stood at Rs. 332 million.

This is all from my side. Thank you, everyone, for your attention. We can now begin with the question-and-answer session.

Moderator: Thank you very much. We will begin the question-and-answer session. The first question is from the line of Pratiksha Mehta from Aequitas Investment. Please go ahead.

Pratiksha Mehta: My first question is for the cable TV division. If you look broadly at the last two years, our digital paying subscribers have remained pretty much range bound i.e., 7.25-7.5 million, subscribers. So, how do we look at growth in this segment and what is the breakup of the incremental subscribers this time? How much of it would be commercial and how much of it would be from retail?

Piyush Pankaj: If I talk about the last one and half years the ground situation was not very healthy for all the operators and the whole industry because of COVID-19. As a result, the commercial subscribers were opting out of the cable TV services. We are adding subscribers in the home segment. However, the commercial subscribers' numbers are still flat in last one and a half years, particularly from March 2020 to till date. We are hopeful that the next two quarters will be good as the situation has improved now. We look forward to growing at the pre-pandemic pace. We are confident that we are going to attain that situation again. We have added around 50,000 net subscribers mainly after August 15, 2021, when the market had started opening up. We got around 50,000 subscribers' base back in the last 40 days. As per the trend, some corporate subscribers are coming back to our network. We are hopeful that as the festival season is going on and the hotels and shops are opening, people are flocking, traveling, everything is happening, and we are seeing that GTPL Hathway subscribers are coming back.

Pratiksha Mehta: I think the next milestone that we had set for ourselves was about 8 million subscribers how much time do we think given that like what is our internal timeline that we might be able to achieve that?

Piyush Pankaj: We are looking forward to achieving by second quarter of next year. As we lost the first H1 FY22, we wanted to do that till March 2022, but we lost the first six months and we have just grown by 50,000 subscribers. Hence, we are looking forward that in the next one year's time we are going to cross 8 million subscribers.

Pratiksha Mehta: Sir my next question is on the broadband front, how many home passes do we target to add this year and what is our milestone that we setup for ourselves on home pass front?

Piyush Pankaj: We have added around 3,30,000 new home passes during H1 FY22. We are hopeful that we are going to sustain our pre-pandemic growth momentum.

Rajan Gupta: We have mentioned in earlier calls as well, GTPL undertook the fiber project during the last two years. So, the huge amount of fiber which has got rolled all across Gujarat is currently being used from Bharat Net project. GTPL has access to the fiber which essentially means we have pretty much access to every Taluka level town in Gujarat, as Piyush rightly mentioned, home-pass was limited in the last six months because of ground situation owing to the pandemic. Now the pandemic being almost over and ground access as well as fiber being available, GTPL is still able to offer an economical product at around Rs.400 to 450 ARPU and is able to deliver 40% plus EBITDA, which is not bad. So, it makes lot of sense for us to take this offering even to lower-level towns and obviously within the metros and keep expanding. We are able to expand our home pass aggressively along with generating returns in this segment.

Pratiksha Mehta: Sir, if you could just give the breakup of receivable segment wise like how much of our current receivables would be from the broadcast and then how much for EPC?

Piyush Pankaj: Total receivables is Rs. 322 crores; on that carriage is around Rs. 167 Crores, EPC project is around Rs. 99 Crores and rest others which is there around Rs. 45-46 Crores.

Pratiksha Mehta: Sir, last question if you could give the segment wise capex for this quarter and the guidance for the full?

Piyush Pankaj: We incurred a Capex of Rs. 162 Crores during H1 FY22. During Q1 FY22 we did around Rs. 82 Crores and in Q2 FY22 we did around Rs. 80 Crores, out of Rs. 80 Crores around Rs. 35 Crores was for CATV and the rest around Rs. 45 Crores was for broadband.

Pratiksha Mehta: What is your target for full year?

Piyush Pankaj: We would like to maintain our full year target at ~ Rs. 400 Crores.

- Pratiksha Mehta:** Thank you Sir.
- Moderator:** Thank you. The next question is from the line of Dixit Doshi from Whitestone Financial Advisors. Please go ahead.
- Dixit Doshi:** Most of my questions are answered. Just can you just repeat the receivable numbers? I had listened carriage was Rs. 167 Crores and EPC is around Rs. 100 Crores is that correct?
- Piyush Pankaj:** Yes, that is right. EPC is Rs. 99 Crores and carriage, placement and marketing are Rs. 167 Crores.
- Dixit Doshi:** So, what comprises of the other segment?
- Piyush Pankaj:** Others, is O&M plus other vendors. like advertisement etc.
- Dixit Doshi:** Nothing from MSO right, it is now 100% prepaid, right?
- Anirudhsinh Jadeja:** Yes, it is 100% prepaid.
- Dixit Doshi:** In EPC project, how much more revenue is going to come, or it is complete and now only O&M will come?
- Anirudhsinh Jadeja:** Yes, the EPC project is almost completed but yes O&M will continue as it is.
- Dixit Doshi:** O&M will be yearly how much?
- Anirudhsinh Jadeja:** O&M is yearly close to around Rs. 57 Crores.
- Dixit Doshi:** Can you just elaborate slightly on our new set top box which we were planning to launch?
- Piyush Pankaj:** You are talking about hybrid box.
- Dixit Doshi:** Yes.
- Piyush Pankaj:** We already did the soft launch of around 1,500 hybrid boxes in the market where the sampling is happening on the packages also, on the technical side. We are planning to do the hard launch somewhere by October end or November beginning.
- Dixit Doshi:** Just last question from my side. Pre-COVID we used to mention that once everything will be settled, we might look at increasing our share from the MSO, so is there any thought process over there or we are still maintaining that Rs. 120 ARPU?

- Anirudhsinh Jadeja:** No, that thought process is there.
- Dixit Doshi:** So, will we be looking to increase or maybe it is still a bit far?
- Piyush Pankaj:** No. We are looking to increase but we are waiting for this quarter, we will review the prices in Q4 FY22.
- Dixit Doshi:** Let us say over the next two, three years whenever we can take our share to a respectable level which the competitors do till what level it can go up from Rs. 120? It is not in short-term but let us say over two, three years' time?
- Piyush Pankaj:** Yes, it will jump by around 25%.
- Dixit Doshi:** That's it from my side. Thanks.
- Moderator:** Thank you. The next question is from the line of Harsh Jhanwar from Centrum PMS. Please go ahead.
- Harsh Jhanwar:** Thanks for the opportunity. Sir an earlier participant asked about Bharat Net Project you said that you still have access to it. Sir if you could briefly talk a bit more about such projects, what kind of advantages these projects give you and are there any such projects more in pipeline where you are bidding, looking to bid?
- Anirudhsinh Jadeja:** Bharat Net project is called as GFGNL under 100% ownership with BBNL Network. It is in the whole of Gujarat, phase I and phase II all put together around 8,000 gram panchayats are already connected and around 34,000 kilometer fiber is already laid. The best part would be monetization benefit from laid fibers in connected gram panchayats for players like GTPL, on the broadband and cable TV side. About the other projects, these are in pipeline, and we will update at an appropriate time.
- Harsh Jhanwar:** Sir in this other project that are in pipeline, where we are looking to bid. So, who can be our competitor there, main competitors?
- Anirudhsinh Jadeja:** You can say lot of ITI, L&T, Tata's and different players from different states.
- Harsh Jhanwar:** Sir, as I understand these projects are very important for our penetration into a state, thereby establishing our position. What kind of margins do we target when we look at it or margins are not very important than getting that position?

- Piyush Pankaj:** We in GFGNL as we have given in our financials also the margin was 14% and for which 7% was coming in our books, 7% to our partner.
- Harsh Jhanwar:** Thank you so much for the opportunity.
- Moderator:** Thank you. The next question is from the line of Shivam Saxena from ICICI Bank. Please go ahead.
- Shivam Saxena:** I want to understand what would be the ARPU trajectory going forward? Are you seeing any upgrades on the existing recharge plans or any further what is the guidance for the ARPU next year or the coming quarter?
- Anirudhsinh Jadeja:** For what cable TV or broadband?
- Shivam Saxena:** Both
- Rajan Gupta:** Broadband ARPUs are broadly stable. This whole equation is working very fine for us. Like many speak about competition which is why we have been saying this whole ARPU of between Rs. 400 and Rs. 500 and average around Rs. 450, essentially, we have decided for ourselves for near future because even with this kind of ARPU we are seeing the EBITDA margins they are quite good more than 40%. So, currently, we are into that whole space of acquiring more and more consumers, going deeper into our home-pass penetration and so considering that ARPUs for broadband will remain broadly stable. Of course, we have the future with us in terms of upgrading this so we must have the higher packages, etc. Once they are there with us and once their needs are also evolving over a period of time but from next couple of quarters perspective, the broadband ARPUs will remain fairly stable.
- Piyush Pankaj:** As mentioned earlier, we are looking forward to increasing our margins somewhere in Q4 FY22.
- Shivam Saxena:** And any update on the new tariff order?
- Anirudhsinh Jadeja:** New tariff order regulations are already announced, we are waiting for the RIOs from Broadcasters. As NTO 1.0 benefited DPOs, we are expecting the similar impact on account of NTO 2.0 implementation. However, it's too early to take a holistic view on the NTO 2.0 canvas.
- Shivam Saxena:** But has it been implemented?

Anirudhsinh Jadeja: It is under implementation stage may be implemented around December 2021 or January 2022.

Shivam Saxena: So, it is okay from the court right and it is now nowhere subjudiced?

Anirudhsinh Jadeja: No, matter is subjudiced. The Court has not given any interim relief to the broadcasters. So, technically the broadcasters have implemented that, but the matter is still subjudiced.

Shivam Saxena: As per my understanding the channel fee would reduce so it will impact your margins also so your share will also go down?

Anirudhsinh Jadeja: We have to wait and see. as various broadcasters have yet not uploaded their prices and also from the regulations side, they have to get the related consultations, it is still under process now. DPOs price have to be declared and small broadcasters' price have to upload their price, but we will have to wait and watch.

Shivam Saxena: But Sir the revision would be on the downward side only as of the NTO 2.0, I think?

Anirudhsinh Jadeja: You can also look at this way that when NTO 1.0 had come, & DPO and overall industry had got the boost up, I am sure the same formula and same plans will be there for the NTO 2.0 this industry will get the boost.

Shivam Saxena: Thank you.

Moderator: Thank you. The next question is from the line of Mr. Anil from Centrum Wealth. Please go ahead.

Anil: Good evening. First of all, congratulations on a great set of numbers. I had a few questions on a broader basis how this cable TV get impacted due to OTT, could it be that the slowdown that we are seeing is due to the onslaught of OTT, if you can sort of throw some light that it is only due to the closure of hotels and commercial establishments due to COVID which is causing, or it could be due to OTT? That is part one of my question. I have a part two, which is now there is this Airtel is also coming out with a satellite broadband program and Starlink is also coming and apart from that Jio is there and lot of other people are entering wireline broadband aggressively. So how does GTPL stand in comparison with all these different kinds of competitors these are big people with lot of strong balance sheets so what has been your experience and what is your outlook so one question is on cable, other question is on wireline broadband

Piyush Pankaj:

Yes, OTT impact on the cable side is there. You can see in metros at around 2% to 3% impact is happening. Mainly, it is because of the ground and all what we have seen till date that due to pandemic and all, corporate subscribers are not there but yes OTT is there which is going to be on the higher segment side. We are countering it with our hybrid boxes bringing the OTT platforms to our platforms also, so all those efforts are going on. Till date we have not seen any major impact because of OTT and others.

Rajan Gupta:

Let us divide the question in two parts; the first is OTT and the second broadband. OTT is very easy to understand. We have to relate it to any other consumer upgradation which is happening through any other category means for the sake of simplicity; let us talk about pizza as a category. We have seen in metros, various metros and now even in mini metros, lot of people upgrading from pizza as to say homemade pizzas and parallelly the people who are not eating pizzas or eating pizzas and people who are not eating anything they are eating something now. So that is the whole consumer pyramid on which India growth story, India consumer growth story, India consumption story is getting built up so this whole OTT as a phenomenon has been there for some time. So, as Piyush mentioned certain percentage of people do upgrade to OTT which is a case with the many other industries as I just mentioned but that get compensated by growth at the bottom of the pyramid. There is a FICCI report also which is available on the whole PayTV sector which can be read by all investors that clearly gives a lot of data in terms of what kind of growth is happening at the bottom of the pyramid, how lot of new users are coming with the growth of TV industry, PayTV industry and growth of rural income etc., but what we have observed during pandemic time that growth at the bottom of the pyramid has slowed down while whatever marginal migration to OTT is there that continues, parallelly of course our own commercial point which Piyush spoke about that is of course valid that a lot of commercial establishments, lot of paying guest accommodation, hotels, hospitals and all lot of such establishment, they kind of did not renew their TV services. So, we are hopeful that as we come out of pandemic and overall economy is taking the right shape, we are hopeful that bottom of pyramid growth story will start again which was the case till around six to eight quarters back, which will more than compensate for our migration to OTT, whatever little is happening and of course parallelly the management has to execute their market share plan for which lot of work is happening. Now I move to broadband. Broadband, I answered you last time I will probably repeat the same answer only in the last quarter conference call, let us talk about two players one we spoke about wireline broadband and second satellite broadband. Now, the satellite broadband is very easy. Last time, I spoke at length in fact about it. World over our experience has been satellite broadband is more used for areas where wireline is not possible or wireline is not viable so essentially if you have for example just a place holder you have a kind of farmhouse say in 100 kilometer from Mumbai where there is no wireline facility which was not viable for any wireline players to

kind of take the fiber there because there are not too many farmhouses in that area in that place, satellite broadband typically has been used quite successful. In US and some other developed countries. Essentially the one-time costs of establishing the signal are quite high, consumer has to pay for consumer premises equipment, which are in thousands of dollars and after that there are monthly charges which are significantly higher than the wireline broadband ARPUs. So, satellite broadband is essentially for areas where in general, reach of wireline broadband is not very feasible. With the kind of consumption which is happening on wireline broadband in India specifically GTPL which is now greater than 200 GB per consumer per month and with the kind of ARPUs which is Rs. 400 - 450 ARPU there is no way any satellite broadband has any kind of opportunity to meet that. But essentially, we will see in India also many more players will enter in satellite broadband but as I rightly mentioned from the perspective of reaching those areas which cannot be reached by wireline broadband. Second point competition within wireline broadband Gujarat, we have spoken many times. Gujarat GTPL has the best understanding of how the market works on the ground. They have the access to all the home pass because of dominant share in the cable TV industry and now the competition has been there for some time, I mean there is no new competition coming whatever the existing competition is there they have been aggressive for quite some time now, I think in last three years this industry has seen one of the highest level of competition because of which obviously industry also have grown specifically non-metros and in spite of that this has been the best period for GTPL. This period has seen more players coming and worked in the market that has helped the industry growth that helped consumer realize that there is a case for wireline broadband which is where GTPL has seen this growth and GTPL ARPU versus speed GB value equation for consumer that remains the best in the industry. Nobody today is offering this kind of product at a value of Rs.400 or Rs.450 or Rs.500. If you can compare, I mean offline you guys can take details from Piyush. He can share with you but approximately GTPL speed and GB equation is twice or double as compared to any other nearest competition. So, I think management is quite confident of keeping the growth trajectory on broadband.

Anil:

Thank you. Sir, so far you were only in Gujarat as far as wireline broadband is concerned now the hybrid boxes are coming out and you would be able to offer all over the country wherever your cable operations are there the hybrid box can go over there so can you offer any comments as to what would be the price value equation because this box will be giving you both cable as well as broadband so as it combo product what is the price value offering that you have compared to the competition, how cheap are you that is one part and second once you roll this out what kind of margin changes can one expect at the company as a whole two parts there were two questions that I ask?

Rajan Gupta: We understand so there seems to be some lack of understanding with the products which we keep on talking about it this whole hybrid box. The first thing to clarify this does not give any broadband. In fact, it uses broadband so whether we lock it with GTPL broadband or not that is the management decision which I am sure they will take it over a period of time, so the product is not giving any broadband. It is a set top box which can take Wi-Fi input technically from any service provider but for us it is possible to lock it to GTPL Hathway. So, it does not give the broadband. It is a normal cable TV setup which also has the ability to give OTT by taking Wi-Fi input from any broadband service provider and based on the business strategy for a particular space, GTPL Hathway can take a call, whether to lock it to GTPL broadband or not. Now in terms of GTPL broadband, we had clarified earlier also, it has been a management decision, by choice that next few quarters, next three, four quarters, or even a little more, we focus primarily on Gujarat as we have a huge amount of home passes still available and we would like to take a whole position in Gujarat itself because that is where a lot of potential is still available and that is where we are the dominant leader in cable so while technically, we can obviously go to many other states, but I think, we have to balance out in terms of investments, or return on investments and area where we feel we can take a poll position. So, next three four quarters we will focus on Gujarat only in terms of taking a whole position there, and I already clarified your answer on the box.

Anil: The last part regarding margin, if you could elaborate?

Piyush Pankaj: Anil for margin and pricing on the boxes, I will take you one to one. As I said that we have done the soft launch and the hard launch is going to be around Diwali so, wait for that or we can have one to one on that.

Anil: Thank you very much.

Moderator: Thank you. The next question is from the line of Shivam Saxena from ICICI Bank. Please go ahead.

Shivam Saxena: Thanks for taking my question again. I just want to understand how much is the competition between broadband and cable TV segments? Are not these two segments competing with each other especially in these metro areas?

Piyush Pankaj: Cable TV is more of a content and broadband is more of connectivity. So, the competition is not between broadband and cable TV, the competition can be between entertainment to entertainment, it can be on connectivity to connectivity. So, if you talk about that you are getting OTT through broadband and that is a competition with the cable that is a different thing. So, there is no competition between broadband and cable TV.

- Shivam Saxena:** Yes, I am saying that only.
- Piyush Pankaj:** We have already given that. Rajan has explained that in detail.
- Shivam Saxena:** But how are you seeing your subscriber? So, basically, are the cable TV subscribers giving up their connection, if they are getting good broadband, what is your customer profile?
- Piyush Pankaj:** We consider ourselves as a pipe. As we said that through hybrid box, we are also introducing OTT and, in the future, we are going to introduce OTT as a distribution also. So, we consider it ourselves as a pipe. We are right now taking broadcasting channels to the households. We can also take it any services means OTT services also to the house. So, we look ourselves strategically as a pipe, which is reaching to the customer house.
- Shivam Saxena:** Thank you.
- Moderator:** Thank you. The next question is from the line of Gautami Desai from Chanakya Capital. Please go ahead.
- Gautami Desai:** This is a broader question, may be for Anirudhsinh Bhai. By doing this hybrid box, are not we encouraging cord cutting? By what I mean to say is that like Piyush just said that for OTT we are just a pipe, I agree that you are a pipe, but for OTT we are not paid whereas for cable TV we have a sizable cable TV population for which we are paid, so I just want to understand that and when I am saying are we encouraging cord cutting by hybrid, what I mean is that there could be people like who are kind of lazy or ignorant or something, they are just watching cable TV because it is there, but once they have hybrid, and they learn to see OTT is there, this cable TV provide anything different from OTT that you feel that no even if the customer has OTT he will go for cable TV. Is there anything special under cable TV?
- Rajan Gupta:** Gautami first some technical clarification the hybrid box as I mentioned the controls are in the hand of GTPL Hathway Limited or any other service provider for that matter. So, the way box typically is configured, I know the box will anyway not work if the cable connection does not exist. The world over itself the cable hybrid boxes whichever cable service provider has kind of deployed these boxes, of course the first priority is cable TV and so boxes can be configured, and they are already configured in such a way that if the cable services do not active, the box anyway will not work. consumer needs are evolving and that is not something which I think it is a healthy to kind of for us to intervene, consumer needs are evolving and they will evolve in a particular way so earlier consumer needs were limited to the family watching TV together, now consumer needs are really kind of they have multiple needs, there are times people want to watch OTT on their single

screen device, there are times people want to enjoy sitting there in a living room with their near and dear, there are times they want to enjoy live cricket TV without any interruption, live TV without any fear of app collapsing or anything like that. So, the consumer needs are now quite kind of different. It is not only one need. They have multiple needs and ideally hybrid box always has been we ensure that we at GTPL Hathway as a company we have put in the door in whichever segment consumer needs are there. So, through this single box we can offer consumers large screen experience in OTT even if they do not have smart TV, even if smart TV is there, smart TV does not offer all the apps, parallelly by having this box there, we know much more about consumer wheel habits, because the kind of analytics we have on hybrid boxes is much, much better. We have a broadband opportunity once that box is there because we know which broadband player is there on the box, if we allow the other broadband players. So, we have the ability to cross sell, our GTPL Hathway broadband, and we of course we get a pie of the OTT revenue as well, because we cannot really change consumer needs, but parallelly making sure the box works only if the cable has been recharged, that control is in our hand. Anirudhsinh Bhai, feel free to add. I just thought technical points, I at least mentioned.

Anirudhsinh Jadeja: Agree, Rajan. So, basically, this hybrid is for non-smart TV, it converts into the smart TV. Like, you said, that today people who buyout smart TV there also this pre-integrated OTT applications which are limited, and here, we are in any market, whether it is a national level, international level, or regional level, all the full applications that are pre-integrated we are their old TV models, whether it is a black and white, whether it is any Televisions are there, non-smart televisions, all that television they will be able to watch with cable, as well as all, yes, the mandatory cable will be there, without the cable OTT will not be available for them. There are a number of OTT providers in the market, we parallelly be able to share the revenue with them have an understanding with them and from that revenue sharing, DPO plus cable operators will get the benefit and by default the number of OTT players, are there whoever are seeing the OTT through GTPL Hathway hybrid boxes so, there cable TV will be mandatory so, wherever the dents will be there, that will also be stopped.

Gautami Desai: Brilliant. Thank you very much, Rajan Bhai, Anirudhsinh Bhai.

Moderator: Thank you. The next question is from the line of Ankur Periwal from Axis Capital. Please go ahead.

Ankur Periwal: Thanks for the opportunity. To start with first question on the broadband side, now even your presentation does mention 4.2 million home pass and roughly 7,00,000- 7,50,000 odd active subscribers. Can you help us understand how has this been broken up in terms of existing cable subscriber base across Gujarat, Maharashtra, West Bengal, etc., and Uttar Pradesh, wherein we are probably offering only broadband and no cable there?

Piyush Pankaj Of this let us say 95% of this 7,00,000 so let us say rounding off numbers are 0.7 million subscribers are from Gujarat.

Ankur Periwal: How many of these will be the combo offers, which we will be giving, which is basically we are offering cable as well as broadband to the last mile consumer?

Anirudhsinh Jadeja: The combo offer we are going to rollout, till now we have been doing broadband separately basically as there were many issues related to the AGR that all have been sorted out and now we are going forward completely whether it is a broadband OTT or cable TV all put together we will also launch this combo offer.

Ankur Periwal: Sir, will it be right to say that out of let us say 7.5 million cable subscribers and maybe a large part of these subscribers coming out of Gujarat that will still be an incremental opportunity for you on the broadband side to ramp up?

Anirudhsinh Jadeja: Yes, in Gujarat.

Ankur Periwal: Sir, the second question I am referring to your slide number 27, which is the P&L breakup that you have shared in terms of different segments. So, not looking at Q-o-Q numbers, but largely speaking carriage will be more or less flowing down to EBITDA and in earlier comments Rajan did mention broadband just like being a 40% EBITDA margin there, so in fact, if I do backward math, out of Rs. 550 Crores EBITDA is it the case that x of carriage or placement the core, core cable business is EBITDA negative right now at Rs.120 per month ARPU?

Piyush Pankaj: Ankur, in the last call also, whenever we have to calculate the gross margin on cable TV, we have to consider subscription CATV, pay channel cost and marketing revenues which is one you are paying to the broadcaster what we are getting from the broadcaster has to be netted out. So that is where you have to see the business after netting out, the channel cost and placement revenue.

Ankur Periwal: What you are suggesting is out of let us say Rs. 550 Crores minus maybe Rs. 110 Crores odd of EBITDA from broadband one should think of that as the cable business and the balance Rs. 280 Crores of broadband business?

Anirudhsinh Jadeja: Yes. If you net off content cost minus marketing, placement and all these then the derived content cost will be around Rs. 51 or Rs. 52 against Rs. 130 cable TV ARPU.

Ankur Periwal: Sir, when you are talking about 20%- 25% increase in ARPU which is let us say Rs. 120 or Rs.122 or maybe Rs.150 to Rs.160 run rate, the absolute EBITDA on a let us say gross

profit on a per subscriber basis do you see that number increasing or probably large amount of this delta will also be resulting in a higher content cost?

Piyush Pankaj: Yes, this is going to be EBITDA accretive and an increase in ARPU.

Ankur Periwai: That's it from my side. Thanks a lot.

Moderator: Thank you. The next question is from the line of Miten Lathia from Fractal Capital. Please go ahead.

Miten Lathia: Good afternoon. If we look at the pricing that has been announced by most of the broadcasters here that they are sort of pulling out their flagship out of the bouquet and wanting to price it separately with this sort of pricing, how do we look at our ability to be able to maintain our facts the way we heard today and what should be the implications for the gross margins that we have?

Anirudhsinh Jadeja: Miten, at the time of NTO 1.0 also the whole industry has established their ARPUs & DPOs have established their margins. Now, we have experience of 2 years of NTO 1.0. I am sure that NTO 2.0 will be on the same lines as NTO 1.0 and the overall industry will be benefitted.

Miten Lathia: I had just had one clarification that I was seeking. Should we expect that the customers will end up paying more even after NTO 2.0?

Rajan Gupta: Miten, of course, you understand and Anirudhsinh Bhai also saying, so there are a lot of moving parts over the next 60 to 90 days for this implementation and as MSO service provider, of course, our task is to make sure as smooth rollout as possible both with the consumer and trade and we are going to take help of all the broadcasters and all stakeholders and of course all the governing bodies and regulatory bodies, etc., so there are a lot of moving parts, the endeavor is to make sure it should be, implementation should be very smooth and there should not be any shock for any other stakeholders in the system and we are going to seek support of as I mentioned earlier, all other stakeholders are there with us so that the implementation is smooth and I think everybody wants same, and as and when we have a more specific plan, of course we will come back to all of you and update.

Miten Lathia: That's it from my end. Thank you.

Moderator: Thank you. As there are no further questions from the participants, I now hand the conference over to the management for closing comments.



GTPL Hathway Limited
October 18, 2021

Piyush Pankaj: Thanks everyone for joining the GTPL Q2 FY22 earnings call. We look forward next quarter to talk to you for Q3 FY22 results. Thanks a lot. Be safe. Be healthy.

Moderator: Thank you. Ladies and gentlemen, on behalf of Emkay Global Financial Services that concludes this conference. Thank you for joining us. You may now disconnect your lines.