

# GTPL Hathway Limited

(Former Name: GTPL Hathway Private Limited)

CIN : L64204GJ2006PLC048908



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Date: November 13, 2017

To:

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NSE Trading Symbol: GTPL	Scrip Code: 540602

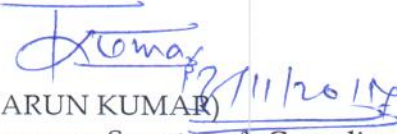
**Subject: Disclosure/Intimation pursuant to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 regarding hosting an "Earnings Conference Call" on Tuesday, November 07, 2017 from 4.00 pm (IST)/ 06.30 pm (HKT)/ 05.30 am (EST)/ 10.30 am (GMT) onwards by GTPL Hathway Limited ("Company").**

Dear Sir/Madam,

In furtherance to our letter, dated 03/11/2017 on the captioned subject, please find enclosed herewith transcript of "Earnings Conference Call", titled 'GTPL Hathway Limited 2Q FY2018 Earnings Conference Call', held on Tuesday, November 07, 2017.

This is for your information and record.

For GTPL HATHWAY LIMITED :

  
(TARUN KUMAR)  
Company Secretary & Compliance Officer  
M. No.: F9256  
Attached: Aforesaid.





# “GTPL Hathway Limited 2Q FY2018 Earnings Conference Call”

November 07, 2017



**BNP PARIBAS**



**ANALYST: MR. KUNAL VORA – BNP PARIBAS SECURITIES INDIA  
PRIVATE LIMITED**

**MANAGEMENT: MR. ANIRUDHSINH JADEJA - MANAGING DIRECTOR - GTPL  
HATHWAY LIMITED  
MR. RAJAN GUPTA – CHAIRMAN AND NON- EXECUTIVE  
DIRECTOR – GTPL HATHWAY LIMITED  
MR. PIYUSH PANKAJ – HEAD (INVESTOR RELATIONS) –  
GTPL HATHWAY LIMITED**

**Moderator:** Ladies and gentlemen, good day and welcome to GTPL Hathway Limited 2Q FY2018 Earnings Conference Call, hosted by BNP Paribas Securities India Private Limited. As a reminder, all participant lines will be in listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. 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 now hand the conference over to Mr. Kunal Vora of BNP Paribas. Thank you and over to you Sir!

**Kunal Vora:** Thanks Sir! Good evening everyone. On behalf of BNP Paribas Securities, I would like to welcome you all to the 2Q FY2018 Earnings Call of GTPL Hathway Limited. We have with us the senior management team of GTPL Hathway including Mr. Anirudhsinh Jadeja, Managing Director, Mr. Rajan Gupta, Chairman and Non-Executive Director, and Mr. Piyush Pankaj, Head (Investor Relations). I will hand over the call to Mr. Jadeja for opening remarks and we will take it from there. Thank you.

**Anirudhsinh Jadeja:** Thank you Kunal. Good afternoon ladies and gentlemen. I would like to extend my gratitude to you to take out time to attend our Q2 FY2018 earnings call. Before results, let me take you through few key updates from this quarter. First, I am pleased to inform you that your company is awarded India’s most trusted cable TV distribution services by International Brand Corporation IBC USA. Second, we won prestigious contract from Gujarat Government to install free Wi-Fi at public places and internet service to 1500 police stations. This will help us to monetize our already installed assets faster and we will also use this infrastructure to reach our other customers in this 150 plus cities. Then we have tie-up with NAGRA and Samsung to deploy TVkey, which will give consumer hassle free access to premium pay TV content.

For the financial results, I will touch briefly on the quarter went by and then let Piyush take over through the detailed update for the quarter. We have seeded over half a million set top boxes during the quarter and added close to one million digital paying subscribers. Along with that we have also successfully increased ARPU for phase three and phase four. Phase three 7.5% and phase four is close to 20%. During the quarter on the broadband side, we have added 40K home passes and 10K active subscribers during the quarter. We continue to strengthen our leadership position in Gujarat, West Bengal, and Maharashtra. In Gujarat, we seeded 4.2 million set top boxes. In West Bengal, we seeded 1.9 million set top boxes and the rest of Maharashtra we seeded 1.2 million set top boxes. Our revenue increased 24% and year-on-year.

I am pleased to highlight that during this quarter our West Bengal operation has become a PAT positive. Given the robust pipeline to subscriber addition, I expect we should continue

to improve our revenue and profitability even further during this year. Thank you. I hand over to Piyush now.

**Piyush Pankaj:**

Thank you Anirudh. Good afternoon and again welcome to everyone. I will take you through the Q2 performance highlights and the financial highlights. Starting with the performance highlights as Mr. Anirudh has said we have seeded around 0.52 million STBs during Q2. In Q1, we have seeded 0.86 million. This will take us to 1.38 million seeded boxes in this half year. We have increased 0.37 million digital active subs in this quarter and we have increased 0.94 million CATV digital paying service. In the last quarter, we have said that the paying subs was 5.7 million and that has increased to 6.64 million. In ARPU, as we said in the last call that we are going to increase for phase three and phase four in this quarter. That has gone successfully and phase three has increased by 7.4% and phase four by 19.5%. The IPO money, in which we have got the net proceeds of Rs.232 Crores has already been utilized; Rs.229 Crores has gone for repayment of debt and rest utilized for working capital. The gross debt stands after this is at Rs.343.9 Crores from Rs.549 Crores in March 2017 and net debt stands at Rs.244 Crores in comparison to Rs.443 Crores in March 2017.

In broadband space, we have added 40K new home passes and increased 10K broadband subscribers during Q2. The best part is that data consumption has increased by 35% from last December. It stands at 46GB per month and in December it was at 34 GB, and this is giving us more sticky consumers. On GPON upgradation, we are progressing in fast pace mainly in four cities, Ahmedabad, Baroda, Surat, and Rajkot. We have already sourced the equipments and started deploying it in the market in a very fast pace. For gateway router, BRAS, core switch, we have taken from Nokia. For network access, OLT and consumer premises equipment we have taken from ZTE and networking switching system and business support system we have taken from Sterling Tech, Elitecore.

Taking you to the phase wise performance on this quarter, we have seeded 0.52 million boxes in phase three and four and the active subs in phase three stands at 2.25 million and phase four stands at 2.55 million. The digital paying subs in these two phases stands at 2.02 million and 2.40 million. Thus, the monetisation is still going on and we expect that in the coming quarter the subs seeded in this quarter will get monetized. Phase one ARPU is standing at Rs.101, it is an increase of Rs.1 from last quarter, phase two was at Rs.96, Rs.1 increased from last quarter, phase three is at Rs.58 in comparison to Rs.54 last quarter, and phase four is at Rs.49 in comparison to Rs.41 in the last quarter.

I will just take you through the broadband business. Our ARPU almost remained the same in this quarter. Its increased by just Rs.1.

I will just take you through the financial results. This quarter also we have given the financial results for GTPL Hathway Limited, which is the listed company. That is a standalone GTPL Hathway Limited. The second we have given for GTPL Broadband Private Limited, which is 100% subsidiary of GTPL Hathway Limited and provides broadband services and third we have given for GTPL Kolkata Cable and Broadband Pariseva Limited KCBPL, which is 51% subsidiary of GTPL Hathway Limited listed company and it is doing the cable TV operations in West Bengal market. The above three companies has contributed around 90% of revenue in consolidated accounts of FY2016-17.

Taking you to the standalone results, our revenue has increased at year-over-year by 24%, EBITDA is up by 20%, the EBITDA margin stands at around 32%, the year-to-year PAT is up by 55%. On quarter-to-quarter, the revenue is up by 3%, EBITDA by 3% and profit before tax and exceptional items is up by 7%. The subscription revenue in year-to-year is up by 32% and quarter-to-quarter has increased by 11% in this quarter.

I will just take you through the broadband business. The broadband revenue growth year-to-year is standing at 14%, the bandwidth expense has reduced by 7%, EBITDA has grown at 15%, EBITDA margin at 27.7%, which is increased by 45 basis points from last year and PAT has grown by 2%. On QoQ, broadband revenue grown at 4%, bandwidth expense reduced by 8%, other operating cost reduced by 13% and EBITDA growth is at 10%. EBITDA margin is at 27.7%. It has increased 142 basis points from 26.3% EBITDA margin last quarter. PAT has grown by 7% in the one quarter.

Taking into the West Bengal, the financial highlights, the subscription CATV revenue in KCBPL has grown at 48% and total revenue has grown at 45%. EBITDA growth is at 221% from last year and EBITDA margin stands at 30%, which is increase of around 16.4% from last year, which was standing at 13.5%. We have become PAT positive where there is INR 1 million positive from the negative 23 million from last year. On QoQ, KCBPL subscription CATV revenue growth is at 27%. Total revenue grown at 22% and EBITDA growth is of 90%, which is an increase of around 10.6% from the last quarter and PAT positive is at INR 10 million. Overall this quarter, the company is expecting that the monetisation will go ahead as we did it for phase three and phase four for this quarter for the next two quarters also the monetization will increase. Still there is a gap between digital paying subs and the active subs. Rajan, I would like you to take them through what we are doing in the broadband and how we are positioning ourselves.

**Rajan Gupta:**

Good evening ladies and gentlemen. As earlier mentioned by Piyush and Anirudh, GPON FTTH rollout has already started in approximately 100,000 homepasses in Ahmedabad City. To support minimum 40 Mbps speed for all consumers and 200 GB monthly limit for all consumers, we are also upgrading backend fiber ring to 40 GB capacities for

Ahmedabad City. The NOC equipment from Nokia has already come and deployment is in progress. We have upgraded some existing consumers from 5 Mbps 30 GB package to 40 Mbps 200 GB package by charging Rs.200 extra. The response of the consumer is very, very positive as market leader BSNL is offering average speed of 5 Mbps on the same pricing. Essentially what 40 Mbps 200 GB pack, which we have done a POC. Market leader BSNL is charging the same pricing for a 5 Mbps speed. In this, 100,000 home passes from December 1, 2017, we will be able to offer 40 Mbps 200 GB package at approximately the same price as BSNL 5 Mbps speed plan. Based on POC and initial market feedback, we are very confident from December we will see exponential increase in broadband revenue and subscriber additions. Requesting Piyush to take it forward.

**Piyush Pankaj:** We are open for the question and answer, so back to the moderator please.

**Moderator:** Thank you very much Sir! Ladies and gentlemen, we will now begin the question and answer session. We have first question from the line of Kaustav Bubna from SKS Capital & Research. Please go ahead.

**Kaustav Bubna:** I have a few questions. The first question on the cable side. What are we doing in terms of expansion because I can see by taking out other income, the EBITDA margins have fallen on a year-on-year basis from about 33% to 31% and despite of increase in ARPUs from phase three and phase four, so this I am assuming is because of some expansion related costs or what is it, could you describe that?

**Piyush Pankaj:** If you see on the expense side, the two expenses, which is on the higher side, the employee cost and other operating expense. As in phase three and phase four, we are going into the new areas and getting into that and that this as a fixed cost, which is going to come in and this has played in this quarter. If you see last year we have seeded around 1.48 million boxes and in these six months we have seeded around 1.38 million boxes, so very aggressively we have gone ahead in different markets and acquired customers and in acquiring customers we have to increase some of the forces and some of the operating expenses, but this is because we are driving the market very fast. Overall if you see, we are maintaining at 32%, which in FY March 17 also our EBITDA was at 32%, so we are trying to maintain that and in the further quarter we are expecting that it will improve as already the fixed cost and employee and other operating expenses are in place.

**Kaustav Bubna:** So is this expansion outside Gujarat and West Bengal?

**Piyush Pankaj:** The expansion is happening mainly in West Bengal, a bit in Gujarat and a bit in Maharashtra.

**Kaustav Bubna:** Great and what is your view on the TRAI order, it is stuck in the Chennai High Court, so can you give your best guess? I understand it is tough for you to comment, but when do you think, it will be almost a certainty for you to be passed, is it a timeline question or is there also uncertainty on if it could be passed in favour of the cable players?

**Piyush Pankaj:** Basically, this tariff order is good for DPO, but we are not dependent on it, but we are expecting it from the last four months, but still it is reserved in Chennai High Court, so let us hope maybe it comes either in next few months. Right now, in our plan of things we are not dependant on this tariff order on our performances and all and in our planning. Yes, this tariff order is very good for the DPOs as we have said earlier also and we are expecting that it will get implemented. But we are waiting for the court to come with the order.

**Kaustav Bubna:** Could you highlight the key levers that would help you see exponential growth in your broadband business post Q3?

**Piyush Pankaj:** Yes, Rajan can you explain?

**Rajan Gupta:** Essentially opportunity is at two levels gentlemen, so one thing is increasing home pass and then grabbing many newer consumers and second thing we will be upgrading current consumers thereby getting extra revenue as well as retaining them in this kind of competitive scenario. Now if you see Gujarat market on a wire-line still we do not have any competition at all. Market leader BSNL, which is offering 5 Mbps to 10 Mbps speed at max. In fact, the package starts from 1 Mbps and number two position is GTPL. Balance there are many small players, but there is no quality offering available in market. Essentially what we have gone back to our current consumers, just like Modi Government is planning the bullet train from Mumbai to Ahmedabad we are going to launch the bullet internet in your city. We are the first one who will start offering 40 Mbps, 200 Mbps plan at a mass pricing. For example, in the call earlier I mentioned we have a lot of consumers around Rs.470 to Rs.480 ARPU. With POC, we are offering them Rs.200 extra ARPU, but speeds move from 5 Mbps to 40 Mbps and GBs monthly move from 30 GB to 200 GB. The response is very, very positive. So, based on that for entire Ahmedabad the back end ring is being upgraded to 40 GB, which can carry the traffic for all consumers and 100,000 home passes currently what we are working on as a picture of success. We are quite hopeful December 1<sup>st</sup> week, 2017 these 100,000 home passes will be fully ready to roll out. We can roll out FTTH in all 100,000 home passes and that is where result will start coming in because all these consumers are either BSNL consumers or small local competition, but essentially still paying around Rs.500, Rs.600, and Rs.700 and pretty much similar pricing we will launch this bullet plan, which is 40 Mbps 200 GB.

- Kaustav Bubna:** So, moving on to let us say two years down the line where do you see broadband sales as a percentage of your total sales just like indication?
- Rajan Gupta:** So, while I cannot really share two years plan, but essentially there are other good companies where very heavy FTTH or DOCSIS 3 high speed broadband roll out has happened, we have seen cable and broadband has equal potential, so I see in future the time will come and GTPL will have cable subscription and broadband subscription as equal, so that is a kind of endeavour we are all together working on.
- Kaustav Bubna:** Just last question on consolidation in the sector. What is your view on that and does GTPL want to develop this business and grow on their own or are they open to consolidation in the future?
- Piyush Pankaj:** Overall right now on our plans, we are going ahead on our own and increasing our presence in our operating states plus we will enter some new states also as the opportunity will come. There is no thinking on the consolidation side, and all is market speculation and it all depends at that point of time when the opportunity comes.
- Kaustav Bubna:** So, is it fair to assume your cable margins will be muted around these levels because you will also be incurring more costs in expansion?
- Piyush Pankaj:** No, we must understand that already the capex has gone for the expansion, 1.38 million capex has already gone. The fixed cost has already in place, and here the monetisation is still to happen, so you will see that monetisation is happening, but the cost is not increasing.
- Kaustav Bubna:** Great. Thank you.
- Moderator:** Thank you Sir! We have next question from the line of Rupen Patel from IL&FS Mutual Fund. Please go ahead.
- Rupen Patel:** Good afternoon. Congratulations on a good set of numbers. I just had one question on the technology part. You were talking about broadband wherein you have launched the GPON migration wherein you are offering higher speeds of 40 Mbps and higher data consumption up to 200 GB, so just on that currently what I understand is the wireless technology currently is not able to offer these kind of speeds at a similar kind of a cost, so going forward do you think there is a real possibility of a technological disruption wherein wireless can also be able to offer these kinds of speeds at a similar lower cost, which would then essentially make the capex for home pass and cable basically not required or redundant, so I just wanted your views on that Sir?



**Rajan Gupta:** Rupen, worldwide itself, lot of case studies are available on this. Markets where 5G, etc., is already live, so what we see is the real broadband consumer is a consumer, which is consuming 200 GB per month and where Wi-Fi router is connected to TV on a large screen and the consumer is doing heavy OTT, binge watching, gaming, etc., so that is the real wire line broadband consumer. Now whether 5G comes, whether mobility pricing comes down that consumer does not change. So, like for example in Mumbai in fact many parts of country, in Mumbai already you can get Rs.100 practically unlimited data in wireless there are many plans available, but still we have not seen the real wire line consumer coming out of the wire line because speeds are also reasonably good 10 Mbps, 15 Mbps, but the consumer, which is connecting Wi-Fi router to the TV and consuming around 200 GB that is a real wire line consumer, so we have already seen many wire line broadband consumer in India. The average consumption is going up to 100 GB and 120 GB and gradually it will move to 200 GB, so GTPL while average consumption is low today, but it is growing. As Piyush already mentioned it has grown by 35%. So, as we start offering more GB and higher speed to consumer now, GTPL also will see in the next one year or so the average consumption will increase by 100 GB per consumer, so that consumer is very sticky. That is the wire line consumer that does not really go to wireless.

**Rupen Patel:** With the kind of research, which is going on in the optical network technology and the last mile where lot of vendors have been talking about R&D, they might be in a position to reach up to a speed of about 100 Mbps in the last mile connectivity from an optical networking equipment standpoint. So, do you think that could be a possibility in future?

**Rajan Gupta:** Are you talking wireless or wire line?

**Rupen Patel:** About wireless?

**Rajan Gupta:** No, again I said there are different technologies possible, but whatever currently we understand about the wire line consumer, which connect Wi-Fi router to TV is a very, very stable consumer.

**Rupen Patel:** Thank you.

**Moderator:** Thank you Sir! We have next question from the line of Charles Cartledge from Sloane Robinson. Please go ahead.

**Charles Cartledge:** Thank you and thank you for the call gentlemen. Congratulations on the results. GTPL has only been listed for a few months, but Rajan you are on the call and you have referred Hathway's experience. Hathway also having a cable and a broadband division my perception is that in both companies in the cable TV business seems to have some

momentum, which we have been waiting a long time for perhaps in large part due in Hathway's case to the phase three and phase four consumer whereas broadband, which has been a great engine is a bit more subdued, so in the case of GTPL I am wondering if we might be seeing similar trends, which would be consistent namely we can see that there is some momentum in the cable division and broadband is growing, but growing a bit more slowly than perhaps it might return, but in the case of GTPL, you are kind of signaling that you expect to sign up quite a lot of subscribers in the next quarter or in the current quarter, which seems to me in contrast to Hathway, which you talked about competition and so on and so forth, so my question is this, am I right in thinking that there might be more momentum in GTPL broadband because there is simply less competition then it is true for Hathway, is that a correct interpretation and might we continue to see momentum in cable TV business?

**Rajan Gupta:**

Answering your point on broadband. I think both the companies at a very different level position on broadband, but GTPL, we have just started investment in high speed broadband that is one of the purpose of IPO as well, so we have just started investment currently if you see while we are number 2 in broadband in Gujarat, but we are still offering 5 Mbps, 10 Mbps kind of speed plan, which are not really differentiated one. The idea was you start doing FTTH and then offer very differentiated product in a very less competitive scenario and that is where volume take-off. So, I would say GTPL whatever broadband you see that essentially is still the slow speed or average speed broadband, but you will see for high speed are happening currently and I shared the initial feedback, the feedback is very, very positive. So GTPL is all about building the blocks for the future high growth, which we are going to get from the broadband. There is a good gestation period because even ordering the equipment take around three months and GTPL broadband is a new company and then after that we should get equipments and deploy. So, there is a lean period for initial around six months or so. There is a reason I mentioned from December the growth is linked to an event. The event is the launch of 100,000 high speed home passes in Ahmedabad city, the most prime area of Ahmedabad city, so if you are doing for example 10,000 net addition last quarter as Piyush mentioned, now if we start doing 10,000 in month itself then we are talking about 30,000 in quarter, so that is kind of number GTPL is entirely taking and we see potential for that. So even on Hathway since we mentioned in all the call of GTPL I will just take 30 seconds, it was a very conscious decision to give more value to consumer and make sure the proposition is solid rather than keep on showing only revenue growth and future you have questionable business. We believe we are such a solid proposition today, which we have done by reducing cost and then passing the benefit to consumers that product has become unmatched by anybody and now is the time again we have given enough value now the time to go back and grab many, many more consumers. For GTPL that situation will come after two years as of now it is a plain field available. There is no

competition in high speed at all. They are already number 2. We have to just execute. Actually, it is pretty much matter of time by December all execution you will start seeing the results.

**Charles Cartledge:** Right thank you and cable TV?

**Rajan Gupta:** Piyush, Charles was asking the whole CTV growth strategy for next couple of quarters. I explained the broadband one can you please explain the TV?

**Piyush Pankaj:** Yes, on the TV side Charles, right now we have seeded around 1.38 million, we are going to seed more in the next two quarters and still the monetisation for these new customers are waiting, still pending, which we are going to do in the next third quarter and fourth quarter and so we are expecting that stable momentum will be seen as we are going ahead and CAGR for the whole cable revenue, which was at 24% will be maintained.

**Charles Cartledge:** Thank you very much.

**Moderator:** Thank you. We have next question from the line of Srinivas Rao from Deutsche Bank. Please go ahead.

**Srinivas Rao:** I have questions on the margins both for your cable and for your broadband business. First, on a cable business you have indicated that your margin is likely to be in the 31%, 32% range. Is that fair to say that that is what your medium term expectation is there over the next one to two years, on the broadband side your EBITDA margins again is obviously improved a bit, but we have seen on other markets typically this business has a much higher EBITDA margin almost 35% plus is that possible over a period of time as you have said as you rollout your FTTH product and my third question is as you may have seen that Jio has very aggressive plans on the fiber side and I would imagine that even someone like Bharti who is going to be competitively positioned for that for the market, which you are currently operating, so while you are probably right that BSNL is current competition, but clearly that landscape is likely to change quite dramatically over the next two years on the broadband side, so my third question is what do you anticipate on that account? I will come back for more questions. Thanks.

**Piyush Pankaj:** I will give you for the first two questions and the third question I will direct to Mr. Rajan. If you see in the cable side, we are maintaining between 31% to 32% EBITDA from last 1.5 years and we are hopeful that we will continue to maintain our EBITDA at this level at least. The broadband side EBITDA has improved from 26% to around 28% and we look forward to that as we go into the GPON where the operating cost is expected to be a bit less. We are going to improve our EBITDA on the course. Rajan if you take the third question?

**Rajan Gupta:**

No, I just want to add to the broadband profitability essentially for any high-speed broadband, the EBITDA are upwards of 35% like Hathway incentives greater than 40%, but GTPL is currently work in progress from high speed broadband, so as we mentioned 100,000 home passes on high speed broadband starting from December 1, 2017 and then every quarter there is a plan. Once you start shifting to high speed broadband that is where your ARPU increased by at least Rs.100 because that also is very, very competitive and plus the benefit of sales start coming in when you start applying more consumers. So, these are two things, which are typically helping us to reduce bandwidth cost to sub 10% to operating cost, rentals, electricity, etc. So, broadband is definitely high-speed broadband upward of 35% in EBITDA margin. Coming to your point on competition let us understand the current layout plan. We have Airtel already in the Gujarat and Ahmedabad and I think much is happening as they have launched VDSL around a year back and their offering speed anything from 4 Mbps to 40 Mbps based on the distance you are from the exchange, but that is DSL technology. So, the competition is already factored in. As far as you mentioned Jio Fiber as we are talking there is no home pass plan, which has happened for Ahmedabad city or any other part of the Gujarat. So, our endeavour has been first launch home pass then launch high speed broadband at a mass pricing. If you see the kind of pricing you are talking about it is essentially Rs.650 and then one consumer start using more and more data then we start adding value add on. For example, we already have an offer available from Microsoft wherein we can give one TB cloud to consumers. We can start bundling lot of content. So, the idea is to build a product around Rs.600 and offer so much value to consumer there in terms of speed. Coming to speed also, the equipment, which is going to consumer home that is capable of 1 GB speed right from the day one we are buying equipment wherein we can upgrade from 40 Mbps to 1 GB. So, we have the capability to take speed up to one GB, a capability to take monthly GB up to 1000 GB, bundle content along with that, bundle thing like clouds along with that and the biggest advantage GTPL has is that all the home passes are available we have to just upgrade to high speed. The experience has been, there are some national players, which have taken two years to do 400,000 home passes and 0 in Gujarat, so we believe we have clear three years available in Gujarat without any major competition and even if it comes GTPL is a very, very popular brand name there, in fact number one in TV, it is a pretty much household brand name and Rs.600 its offering is very, very strong, so we believe we can fight any potential competition.

**Srinivas Rao:**

Thanks this is really helpful. Is it possible in future that the TV what you call content will get bundled via the fiber and you do not need separate connection into the home once as long as they have a fiber then you can give both internet and TV content through one pipe if I may use the word?

- Rajan Gupta:** If you see the top 1% of consumers in India are already in a way doing it. That is a whole Indian consumption story. The guy who was eating samosa starts eating Pizza, the guy who is eating pizza start eating gourmet pizza, so top 1% are shifting, this is cable ARPU so low, cable or DTH it is only US\$5. We still keep in a TV for sports or any event, but already all the smart TVs have the apps available, so which consumer can watch live TV or a catch-up TV, so even if top 1% people start shifting, they are not cutting the cord because ARPUs are only \$5 and second thing is parallelly we have a lot of new growth coming in. So, I think it is part of Indian whole consumption story. Top 1% will shift to something else, but still maintain TV because ARPUs are very low, but finally we are adding many more consumers.
- Srinivas Rao:** Understood Sir! This is helpful. Thank you so much.
- Moderator:** Thank you Sir! We have next question from the line of Sanjay Chawla from JM Financial. Please go ahead.
- Sanjay Chawla:** Thank you for the opportunity. This is Sanjay Chawla here from JM. I just have first few housekeeping questions and then I have got two main questions. Can you share the number of HD set top boxes and the capex incurred in second quarter and first half?
- Piyush Pankaj:** Total HD boxes the active HD boxes in the system is 630000 (0.63 million) and we are doing the HD Billing of around 150K on the full HD prices. The rest is at the promotional prices right now and we will start monetising once we charge the full HD prices in the coming quarters.
- Sanjay Chawla:** 630000 boxes?
- Piyush Pankaj:** 630000 HD customers.
- Sanjay Chawla:** This is a significant jump because I thought last quarter you reported less than 300000 if I am?
- Rajan Gupta:** Yes Sanjay, major focus what we have done is for rollout, so for that we have done quarterly promotional scheme, but as Piyush said that is actual monetisation will come in next quarters.
- Sanjay Chawla:** That is correct.
- Piyush Pankaj:** The total capex for this quarter is Rs.78 Crores, last quarter I have given that was Rs.88 Crores where Rs.8 Crores have gone in broadband, Rs.80 Crores have gone in cable, this

quarter it is Rs.78 Crores where Rs.17 Crores has gone into broadband and Rs.61 Crores has gone into cable.

**Sanjay Chawla:** The broadband ARPU of 487 you have reported, I am wondering how it is derived, is it derived on the basis of active broadband customers because if I look at broadband revenue for the subsidiary and I know some of the revenue may be outside this company, but probably bulk of it is already here, your ARPU is much lower like Rs.433, what is the measure of 487?

**Piyush Pankaj:** Rs.487, as on closing this ARPU as on September month.

**Sanjay Chawla:** Well is the customer base that you have reported?

**Piyush Pankaj:** Yes, what we have reported is active customer.

**Sanjay Chawla:** So, the customer base reported is active customer?

**Rajan Gupta:** Yes, it is only active customer.

**Piyush Pankaj:** 260K is active customers.

**Sanjay Chawla:** Because in last quarter you had 486 number so obviously if the exit ARPU was 486 we should have been at 486-487 for this quarter, but we are at 433, so that is the source of confusion?

**Piyush Pankaj:** Last quarter we have reported our 250K subscribers at 486 ARPU and this year ARPU remains flat this quarter. We have added 10K more subscribers, which has come to 260K and the ARPU is at 487. If you see the increase in revenue side in the three months time you will find that it is increased by around Rs.1.3 to Rs.1.4 Crores. So, you will see the increase in the number of customers and based on that ARPU you will find.

**Sanjay Chawla:** Sir you will not be able to get these revenues that you have reported by multiplying ARPU into average customer base, but I will take it offline?

**Piyush Pankaj:** You have to take the average Sanjay because 487 is at September month, but we will take it offline.

**Sanjay Chawla:** What is the activation fee in the standalone company as per Indian GAAP in this quarter?

**Piyush Pankaj:** Activation fee remains same.

- Sanjay Chawla:** What is the total activation fee in rupees million?
- Piyush Pankaj:** I-GAAP figure, the activation is coming to around Rs.43 Crores. I will give you the exact numbers I do not have right now I will give you offline exactly.
- Sanjay Chawla:** How much more seeding we expect by March 2018 at consolidated level?
- Piyush Pankaj:** Sanjay as we mentioned in last quarter, that we will seed 1 million, so this quarter we already seeded half a million customers, so coming March exit will close to another half a million customers.
- Sanjay Chawla:** That is great. I have a question on GPON you mentioned 100,000 home passes would be launched in December so can you indicate how many of your existing broadband customers are under this home pass who can be potentially upgraded and how many new customers can be tapped?
- Piyush Pankaj:** These 100K homepass which are talking, it is mainly in Ahmedabad right now. If you see our 35% market is in Ahmedabad overall from current subscriber base, so out of 35% around 15% is what we are expecting on this 100K home pass, which is getting upgraded and we are getting more new home pass on this and new pass and then we will start the whole Ahmedabad city after this.
- Sanjay Chawla:** So that 35% of your....
- Rajan Gupta:** Work is going on parallel everywhere and other cities also in Ahmedabad and other parts also, but this 100K we want to launch first.
- Sanjay Chawla:** So, we are looking 35,000-40,000 customers potential, your existing customers who are availing these home passes right in Ahmedabad?
- Rajan Gupta:** In Ahmedabad we are talking about around 40K customers who are getting upgraded in this plus we are creating around more around 60K home passes.
- Piyush Pankaj:** But Sanjay if you see like as Rajan says in this area if you see 1,24,000 customers in December 1, 2017 straightway we can offer 40 Mbps speed straightway. Yes, in these stickiest customers opportunities are there we can create another 30,000 subscriber also.
- Sanjay Chawla:** So, 40,000 will already be within this home pass number and you are saying?

- Rajan Gupta:** Sanjay there is some confusion. So, if you are talking about as of out of this 100,000 home passes which is there, we have around 16000 current consumers, which are there, which are live consumers, currently on MEN technology. Now the capacity, which is being planned here, we can go up to around 40,000 consumers there on FTTH. So that is essentially we are saying from currently 16,000 consumers, which are on MEN technology here by upgrading technology those 16000 can be upgraded, they can be definitely upgraded and overall 40000 we can create a capacity for direct fiber to home, but as o mentioned if we want 40 Mbps speed, it is fiber to the building, then more customer can be there, but you can take as a base case 40000 consumers overall can be there, current 16000 and another 24000 can be there.
- Sanjay Chawla:** Got it and we are all looking at Rs.200 kind of ARPU incremental if people migrate to the 40 Mbps product?
- Rajan Gupta:** Absolutely.
- Sanjay Chawla:** This is great. Just a last question do we expect further increase in C&P revenue this fiscal because in the standalone company we are running at Rs.58-59 Crores per quarter, is there scope, have you sign any deal?
- Anirudh Jadeja:** Yes,. If you see our last financial quarter like Q3 and Q4, it has been better than that.
- Sanjay Chawla:** Thank you so much and all the best.
- Moderator:** Thank you Sir! We have next question from the line of Yogesh Kirve from B&K Securities. Please go ahead.
- Yogesh Kirve:** Thanks for the opportunity. So, the current upgradation from 5 Mbps to 40 Mbps so is this under FTTB or FTTH?
- Rajan Gupta:** We are doing both. Fiber obviously is going to every building. Certain amount of provisioning is happening for FTTH in which you can give up to 1GB speed also to consumer home because only use there at the consumer home, but overall when you mention the 40000 consumers FTTH is provisioned as of now, obviously the last mile is not done, last mile we do when consumer come. As far as 40 Mbps speed is concerned that can be given to all the 100,000 consumers.
- Yogesh Kirve:** What would be your focus from here on would we focus on having 40 Mbps and spreading the operations or upgrading 200 Mbps is also on the angle?



- Rajan Gupta:** No, that is essentially we are saying both the options are available. It is not either or please understand the way. If FTTB is there we can offer immediately 40 Mbps, which is available to all 100,000 consumers. Parallely in the same building if for example, there are 100 consumers out of which 20 want FTTH, the provision is already available for 40% of the consumers, so we can upgrade those 20 consumers to FTTH within next 48 hours because fiber is already there in the building, in each floor instead of drawing last mile in copper we can draw last mile in fiber and give the only way to consumer home. This is not either or both the things will parallely exist and over a period as consumer moves on to 100 Mbps in fact why we stop at 100 itself either mentioned equipment in FTTH it is capable of 1GB. Airtel is already offering 200 Mbps, so we will start upgrading further and further.
- Yogesh Kirve:** So, what is basically difference between the capex for FTTH and FTTB, basically last mile the fiber and ONU, so what could be differential in the capex on that front?
- Rajan Gupta:** No, essentially Rs.2000 in the last mile broadly speaking and that is what will make the difference.
- Yogesh Kirve:** CPE as well as fiber?
- Rajan Gupta:** Incremental fiber would not require.
- Yogesh Kirve:** In the television we talked about NAGRA backend, so which would enable the high and/or premium television service what could be the incremental services that could be offered on television?
- Anirudh Jadeja:** We did understanding with Samsung and NAGRA. Samsung are now launching in Gujarat market it is called HD TV with GTPL TVkey, so there is no need of local set top box, they just need to buy only TVkey from GTPL side and to connect their actual TV Samsung HD TV television so they can watch 4K content, also they can watch high definition content also, they can watch standard definition content also.
- Yogesh Kirve:** So, this is one asset, beyond this are there any additional services that could be offered under this technology?
- Anirudh Jadeja:** Additional service is like I said like high definition straightaway you do not require high definition set top box like 4K content, you do not require 4K set top box that is all at high definition 4K all equipments built in this ability.
- Yogesh Kirve:** That is all from me. Thanks, and all the best.

- Moderator:** Thank you Sir! We have next question from the line of Kunal Vora from BNP Paribas Securities India Private Limited. Please go ahead.
- Kunal Vora:** Thanks Sir. Couple of questions from my side. How is the GPON deployment progressing beyond Ahmedabad? Are you on track to cover 4 cities by end of fiscal 2018 and what will be the plan in terms of broadband home pass for fiscal 2019 that is one if you can answer this I can go to the next question?
- Anirudh Jadeja:** So Kunal as Rajan said earlier we were using MEN technology so that all 240K to 250K customers were in MEN so this as said like market is going high speed broadband side so the number of people who use high speed broadband and in the coming quarters our plan is to give all our 240K customers straightway 40 Mbps speed. As Rajan said first pilot, we already started in Ahmedabad area called Prahladnagar satellite, so it is completed almost 100K customers in FTTB and 40Mbps speed straightway and that also we can offer at least close to around 16000 customers to FTTH.
- Kunal Vora:** GPON would be available in all cities how many cities GPON will be available by end of fiscal 2018?
- Anirudh Jadeja:** Pardon?
- Kunal Vora:** GPON will be available in how many cities by end of fiscal 2018?
- Anirudh jadeja:** All major four cities like Ahmedabad, Baroda, Rajkot, Surat, these all four cities it is available at the end of this fiscal.
- Kunal Vora:** Second question on government contract, do you have the contract for full WiFi deployment in municipality, what is the timeline of execution and when will the revenue booking start and are you bidding for any more such contracts?
- Anirudh Jadeja:** Yes, we are bidding for more such because the government is coming like WiFi village project or government cable for BharatNet project so we are bidding that, but this project will complete end of December or before January 15, 2018.
- Kunal Vora:** Like in the coming quarter we should expect some revenue booking for the government contract?
- Anirudh Jadeja:** Yes, but this contract is for five year, so it is year-on-year that revenue will be realised. So basic major purpose Kunal ,for 1500 police stations, which covers 150 plus cities in Gujarat like Tier-II, Tier-III, Tier-IV cities so where GTPL's presence is there , we do not have any

problem with the infrastructure as we have already deployed infrastructure. Wherever going forward we have to deploy infrastructure, we are getting free ROW from the government. All these infrastructures will be owned by GTPL. For five years we can use ,for providing services to 1500 police stations ,only one core fiber, thus we have other core to provide bandwidth and services to our customer, to provide WiFi,.We are giving service for five years, but this entire infrastructure will be owned by GTPL.

**Kunal Vora:** Understood and third question Sir on over the last one year you seeded about 2.1 million set top box while your active customers were increased by 1.65 million, there is a gap of about 0.45 million so it is a churn number like about half a million customers churned over the last one year?

**Anirudh Jadeja:** No if you see the last quarter paying customers versus active customers this quarter is active customer versus paid customer has increased almost 1 million. If you are talking about like as your question is which 400K as we said half a million set top box seeded in this quarter, so yes, its actual monetisation will come in the coming quarters.

**Kunal Vora:** But I was looking at active customers so should not even set top box seeded this quarter even where should be active customers I was looking at the difference in set top box seeded, which is 2.1 million over the last one year and I was comparing it with active customer or change in active customer base, which is 1.65 million so the gap is 0.44 million customers?

**Piyush Pankaj:** Yes, Kunal just 0.44 million in this you can say that lot of has to be has to get active right now as seeding, which has happened in last Quarter.

**Anirudh Jadeja:** The LCOs will have the set top box is in the process and is activated, that is the main difference and this will be completed in the next quarter.

**Kunal Vora:** Understood so this is not churned it is more about because set top box, which are yet to be active?

**Anirudh Jadeja:** Yes.

**Kunal Vora:** Last question from my side. What is the broadband capex for subscriber right now and also what is the subsidy, which you are offering on standard definition as well as high definition set top box?

**Piyush Pankaj:** On MEN right now whatever customers we are deploying this 10,000K or 20,000K in the last six months this is all MEN, for which the cost is coming between Rs.3500-Rs.4000 per customer depending upon the area.

- Kunal Vora:** Set top box?
- Piyush Pankaj:** Yes. What is the second question?
- Anirudh Jadeja:** Set top box we are giving 10% subsidy in standard definition and high definition side we are not giving any subsidy.
- Kunal Vora:** Understood. That's it from my side. Over to moderator!
- Moderator:** Thank you very much Sir! Ladies and gentlemen that was the last question. I would now like to hand the conference over to the management for closing comments. Over to you Sir!
- Piyush Pankaj:** I would like to thank all the participants and if they have any further queries or any clarifications, please contact me directly. I will glad to give you answers. Thanks a lot. Thanks a lot for joining us.
- Moderator:** Thank you. Ladies and Gentlemen, on behalf of BNP Paribas that concludes this conference call. Thank you for joining us. You may now disconnect your lines.