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April 21, 2023

**BSE Limited**

Phiroze Jeejeebhoy Towers,  
Dalal Street,  
Mumbai 400 001

**National Stock Exchange of India Limited**

Exchange Plaza,  
Plot No. C/1, G Block,  
Bandra Kurla Complex, Bandra (East),  
Mumbai - 400051

Scrip Code: **540602**

Trading Symbol: **GTPL**

Dear Sir/Madam,

**Sub. Transcript of the Post Results Conference Call on the financial results for the quarter and financial year ended March 31, 2023**

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In continuation of our letter dated April 12, 2023 and pursuant to Regulation 30(6) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, transcript of the Post Results Conference Call on the financial results for the quarter and financial year ended March 31, 2023 held on April 17, 2023 is available on the Company's website at <https://www.gtpl.net/investorrelations/financial-result>. The said transcript is also enclosed herewith.

Kindly take the same on record.

Thanking you,

Yours faithfully,  
For GTPL Hathway Limited

**Hardik Sanghvi**  
Company Secretary & Compliance Officer  
FCS: 7247

Encl: As above



“GTPL Hathway Q4 & FY23 Earnings Conference  
Call”

April 17, 2023



**MANAGEMENT: MR. ANIRUDHSINH JADEJA – PROMOTER AND  
MANAGING DIRECTOR  
MR. PIYUSH PANKAJ – BUSINESS HEAD CATV AND  
CHIEF STRATEGY OFFICER  
MR. ANIL BOTHRA – CHIEF FINANCIAL OFFICER**

**MODERATOR – MR. PULKIT CHAWLA – EMKAY GLOBAL FINANCIAL  
SERVICES**

**Moderator:** Ladies and gentlemen, welcome to the GTPL Hathway Q4 and FY23 Earnings Conference Call, hosted by Emkay Global Financial Services. We have with us today Mr. Anirudhsinh Jadeja, Promoter and Managing 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. There will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference, please signal the operator by pressing star, then zero on your touchtone phone. Please note that this conference is being recorded.

I would now like to hand the conference over to Mr. Pulkit Chawla from Emkay Global Financial Services. Thank you, and over to you, sir.

**Pulkit Chawla:** Thank you, Dorwin. Good evening, everyone, and welcome to the GTPL Hathway earnings call. I would like to welcome the management and thank them for this opportunity. Without any further delay, I shall now hand over the call to the management for opening remarks. Over to you, gentlemen.

**Anirudhsinh Jadeja:** Thank you, Pulkit. Good evening, everyone. A warm welcome to everybody to the conference call of GTPL Hathway to discuss quarter 4 and annual FY23 financial performance. I'm glad to report yet another year of consistent growth in our broadband and digital cable TV business. GTPL continues to be the largest MSO in the country as well as in Gujarat and the largest broadband player in Gujarat. The company has further strengthened its presence across all other markets, especially in the southern state.

I'm pleased to inform you that the Board has recommended a dividend of ₹ 4 per equity share for FY23. Both our digital cable TV and broadband business continue to show healthy growth across India in terms of subscriber and ARPU.

I will now hand over the call to Mr. Piyush Pankaj, who will take you through the business and financial performance of the company.

**Piyush Pankaj:** Thank you, Mr. Jadeja. Good evening, everyone. I am pleased to announce the business and financial performance of GTPL Hathway. Our digital cable TV subscriber base as on 31<sup>st</sup> March 2023, stands at 8.95 million. Paying subscribers stand at 8.20 million. On a Y-o-Y basis, the increase in active and paying subscribers is 550K and 400K, respectively. In the broadband business, we have added 104K new subscribers, an increase of 11% on a Y-o-Y basis.

Home Pass subscribers stood at 5.30 million as on 31<sup>st</sup> March 2023, of which 75% are available for FTTX conversion. The broadband ARPU for FY23 stood at ₹ 460 an increase of ₹ 10 on a Y-o-Y basis. The average data consumption per customer per month stood at 321 GB, a 25% increase Y-o-Y. On a consolidated level, excluding EPC contract in FY23, revenue grew by 12% Y-o-Y to ₹ 27,140 million. The digital cable TV subscription revenue stood at ₹ 11,005 million, up by 2% Y-o-Y. We saw a consistent growth in our broadband segment. Broadband revenue increased by 18% Y-o-Y and revenue stood at ₹ 4,826 million. This was driven by the healthy subscriber additions.

Consolidated EBITDA for FY 23 stood at ₹ 5,163 million with a margin of 19%. PAT for FY23, stood at ₹ 1,145 million. We are a net debt-free company and our finance costs have been reduced by 31% on a Y-o-Y basis for FY23.

For quarter 4 FY23 on a consolidated level, excluding EPC contract, revenue grew by 13% Y-o-Y to ₹ 7,017 million. The digital cable TV subscription revenue stood at ₹ 2,753 million, up by 2% Y-o-Y. We saw a consistent growth in our broadband segment in quarter 4 FY23, broadband revenue increased by 14% Y-o-Y and revenue stood at ₹ 1,246 million. PAT for the quarter stood at negative ₹ 124 million. There was a drop in the PAT on account of the following reasons :

- A. An exceptional item of ₹ 189 million provided in quarter 4 FY23 with respect to the provision of certain identified old receivables on account of assessment of counterparty credit risk.
- B. Increase in depreciation, amortization of FY23 by ₹ 220 million on account of reassessment of useful life of select asset class and obsolescence of certain asset class due to technology upgradation.

The standalone revenue, excluding EPC for FY23 stood at ₹ 17,328 million, an increase of 14% Y-o-Y. EBITDA stood at ₹ 2,842 million with an EBITDA margin of 16.4%. PAT for FY23, stood at ₹ 725 million.

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

**Moderator:** The first question is from the line of Yash Sarda from Sushil Finance. Please go ahead.

**Yash Sarda:** Good evening, sir. My first question is, how is the response from the GTPPL Genie+, which was launched in December? And if you could give a number as to how many customers from our broadband, existing broadband customer has opted for the plan.

Second question is, what is the anticipated increase in the data consumption in the quarter, which is coming or what you're seeing due to the IPL which is being seen online? And last question is, how many customers or what is the conversion which we are seeing happening on the cable TV subscribers to broadband due to OTT happening and the online streaming of IPL? That's it. Thank you.

**Piyush Pankaj:** Thank you. So, we launched Genie+ in end of December. The main response has started coming from January month. And till date, we have seen that around 12,000 subscriber base have taken these services in the last three months. And out of that 12,000, we can say that around 8,000 is from the broadband side and around 4,000 is of the cable subscribers.

The second question on the IPL, we have not seen any effect because of having free in Jio Cinema that it has affected, as our subscription reduction or our subscriber reduction due to the IPL. So, the effect is almost nil on that side.

And third question was on Genie+, that how many subscribers have shifted from our broadband to cable or cable to broadband? The cross-selling is happening and because Genie+, we have launched as a standalone product, where our broadband subscriber or our cable subscriber can take it as a standalone product and it's a B2C product.

So, because of Genie+, we are not seeing that the conversions and all. Yes, we are hopeful that as we are going to launch the combined bundle services, which we are going to do in quarter 1, entertainment plus broadband together, and entertainment includes OTT plus cable. That's we are going to look after. That will give us a good traction in the market.

**Yash Sarda:** Thank you. I just had one follow-up question. Although, you mentioned that there has been a blackout in the month of February, for I think six-odd days. Could you just elaborate on that? And Star Sports, what I understand is, is not a part of the package which you currently offer, it is on a-la-carte, if I'm not wrong? So, how is it, how that is working out? Just two questions follow-up. Thank you.

**Anirudhsinh Jadeja:** So, basically, it was not a blackout, it's with three broadcasters' services - effective date 18<sup>th</sup> February to 23<sup>rd</sup> February, all three broadcasters' content were switched off. Especially because of the NTO's protest. And the issue is resolved, and everything is now normalized.

**Yash Sarda:** Okay. And just confirming, is Star Sports being offered as an a-la-carte or already bundled with?

**Anirudhsinh Jadeja:** No, it's a part of the bundle. We are not offering any a-la-carte.

**Yash Sarda:** Okay. Thank you so much.

**Moderator:** Thank you. The next question is from the line of Aniket from BMSPL. Please go ahead.

**Aniket:** Good afternoon and thank you for having me. My question was a bit longer term regarding the broadband business ARPU. So, with the effect of all the OTT providers coming in such as Reliance and having their own units, what do you feel is going to happen to your ARPUs for the coming two-three years? I just wanted to get a broad picture.

**Piyush Pankaj:** See, if you see from last two years, our ARPU, which was at around ₹ 400, we have gone up to ₹ 460 in last two years' time. We are looking forward that we will continue that journey, that ₹ 10, ₹ 15, ₹ 20 increase per annum. And that is because we are converting everyone into the FTTX technology and pushing our subscribers to take the higher packages of 100 Mbps, 150 Mbps, and 200 Mbps.

And that's the strategy on which we are working. If you ask me, I am not increasing the rate of my packages, but I am moving my lower packages customers to higher packages customers. And that's why the benefit is coming in our ARPU. And we look forward that we are going to continue that. That's the strategy. And we are looking forward that we will continue to increase the ARPU as we are increasing from last two years.

**Aniket:** All right. Thank you so much.

- Moderator:** Thank you. We have the next question from the line of Karan Mehta from Nirzar Securities. Please go ahead.
- Karan Mehta:** Hello. Thank you, sir, for the opportunity. So, I just have a couple of questions. So, firstly, we have seen an increase in pay channel costs on an annual basis. So, I just wanted to understand, is this of recurring nature? And if so, what would be the percentage increase in pay channel cost per year for the next two years to three years? And, what's the outlook on both of our businesses?
- Piyush Pankaj:** Hi, Karan. Karan, we always advise the analysts to look pay channel costs along with the marketing and placement revenues. If we do the net pay channel costs on that basis, pay channel expenses, minus placement & marketing revenues, it's hardly you will see that there is 2% increase in the pay channel. Hardly ₹ 9 crores to ₹ 10 crores, which is there. So, if you see, for the whole year, the subscription is contributing around ₹ 25 crores to ₹ 27 crores. And out of that, pay channel costs are just increasing ₹ 9 crores to ₹ 10 crores. So, that's the trend, we are looking forward, that the pay channel will be on 2%, 3% increase, not more than that on the net basis over the years.
- Karan Mehta:** Okay. That was helpful. And, sir, also, what's the incremental cost and depreciation cost for subscribers for both of our businesses? And what's the replacement cycle for our fixed assets in both of our businesses?
- Piyush Pankaj:** So, fixed asset, if we talk about, we are depreciating our STBs in eight years' time. And the routers as at around at 10 years' time, eight years to 10 years in the routers of the different make. So, that's adding on the depreciation side. So, when you talk about the replacements and all, yes, it takes eight years to 10 years, for replacing any assets, because there's a robust assets, which are continuing. Still, the boxes, which we have deployed in 2011, 2012, are continuing in our system. And if you talk about routers, we have put in 2016, 2017, which is still going robustly in our system.
- Karan Mehta:** Sir, and the first question, the incremental cost and depreciation cost for both of our businesses. Incremental cost per subscriber for both of our businesses?
- Piyush Pankaj:** So, per subscriber incremental cost, if you talk about, if I am adding one subscriber base, and I am getting around ₹ 125 from that. On that, if you talk about that, just the incremental operating cost, which is net of my direct cost, which is pay channel and all, is coming to around ₹ 30, not more than that.
- Karan Mehta:** Okay, the cost is just ₹ 30 per subscriber. So, that is for CATV?
- Piyush Pankaj:** That is for the CATV.
- Karan Mehta:** And broadband?
- Piyush Pankaj:** Broadband also, it is around, broadband is lesser, because the main cost there is going on into two direct costs, which is the bandwidth cost and my customer acquisition cost, which is higher. So, there it is coming to around ₹ 25 to ₹ 30, extra operating cost, admin and operating cost.

- Karan Mehta:** Okay, and what is the depreciation cost per subscriber?
- Piyush Pankaj:** Depreciation per subscriber, you can talk about, around ₹ 90 per annum in the cable side and in the broadband side, it is coming to around ₹ 60 to ₹ 70 per month, in the broadband side.
- Karan Mehta:** Okay. Sir, if I can squeeze in one more question. So, what is the acquisition cost per subscriber? Sir, we had a discussion over the implementation of NTO 3.0. We expect that, this may result in the shutting down of some smaller LCOs and MSOs, which will in turn give us an opportunity to acquire these. So, I just wanted to understand, what is the acquisition cost per subscriber for these MSOs and LCOs?
- Piyush Pankaj:** See, acquisition cost, I will just say that it depends on lot of things, that in which market, we are operating, what are the different aspects of those network technology-wise, where it is in the rural area or outskirts of city, whether it is in the main city, all those factors come...
- Anirudhsinh Jadeja:** So, basically, it is in which territories also, like in the HSM market, there is a different acquisition price, in the South market, there is a different price, whether it is area is phase 1, whether it is area is phase 2, whether area is phase 3 or phase 4, it depends on the territory-wise, there is a price difference.
- Karan Mehta:** Okay, But if you can give a broad range for our major market?
- Anirudhsinh Jadeja:** Majorly, if you see, overall our major market, like almost 60% to 65% is our HSM market, majorly market, and it is close to around 30% is like South market.
- Piyush Pankaj:** So, acquisition price depends on the network and all those things, whether it is in the North, if network is there in Delhi and network is in Kanpur, or if it is network in Gorakhpur, if it is network in Muzaffarpur, the rates or acquisitions are going to be different. So, it is very difficult to give you one figure on that way, because it depends on different factors and that's the way, Karan, we can go offline on this, that how we come into the acquisitions and all those things and how we determine the prices on acquisitions.
- Karan Mehta:** Sure, sir. And thanks a lot for all these clarifications. Thank you, sir.
- Moderator:** Thank you. The next question is from the line of Pavan Nahar, an individual investor. Please go ahead.
- Pavan Nahar:** Thank you. So, I wanted to understand, we have done a capex of around ₹ 470 crores in FY23. What is the plan for FY24, any particular number?
- Piyush Pankaj:** Yes, so capex, we did ₹ 468.5 crores in FY23. Out of that, broadband capex is around ₹ 225 crores. The rest is the CATV capex. As we are saying throughout in the call, that we are keeping around ₹ 450 to ₹ 500 crores and we are looking forward in the next three years, we are going to do ₹ 1400 crores of investment. So, we are still sticking to that, that depending upon the opportunity, we will be keeping around ₹ 450 to ₹ 500 crores of capex, which is going to be 50% in each of the business.
- Pavan Nahar:** So, every year ₹ 450 to ₹ 500 crores, beginning FY23?

- Piyush Pankaj:** That's right. So, next three years ₹ 1,400 to ₹ 1,500 crores.
- Pavan Nahar:** So, that is number one. Number two, now what I am struggling to understand is your absolute EBITDA. I don't want to focus on depreciation because let's eliminate this. We could look at that as well. So, EBITDA is like what it was in FY20. We have done such a big investment, our gross block or whatever, whichever way you look. In the last two years, we have spent about ₹ 800 crores, FY22 and FY23. And our absolute EBITDA is down by almost 10%, 15%?
- Piyush Pankaj:** 9% around, yes.
- Pavan Nahar:** Yes, so I am unable to understand that till FY22, every dollar that you were investing was yielding good returns. Suddenly in the last 12 months particularly, there has just been a collapse. I don't want to get into the details of the CATV and capex. All I want is, you have invested this much dollar and this much rupee and how much EBITDA is coming out of it. It has completely turned upside down?
- Piyush Pankaj:** No, if you look at it this way, it has not turned upside down. The EBITDA that has gone down, there is a big factor in it, the activation revenue we have lost around ₹ 30 crores. This activation revenue is deferred. That is a non-cash item. If you look at it on a cash basis, we are there and we are growing. If you talk about non-cash basis, because of that ₹ 130 crores we have gone out there.
- Second, this fourth quarter, yes, we have lost around ₹ 10 crores to ₹ 12 crores because of the blackout, which we explained. Because of that, we have had an impact of ₹ 10 crores - ₹ 12 crores, which we were expecting not to come, but it has come. Which you will see that jump in the quarter 1. If you remove those factors, second, third, you will see that we had an EPC project going on, which was contributing in EBITDA and revenue both sides.
- Pavan Nahar:** That was FY21, right? There is nothing I guess in FY22?
- Anirudhsinh Jadeja:** In FY22, we had around ₹ 3 crores to ₹ 4 crores our EBITDA.
- Pavan Nahar:** We can leave that as a rounding off factor.
- Anirudhsinh Jadeja:** Yes, that was an EPC project that was going on.
- Pavan Nahar:** So, I just want to Mr. Jadeja, to say at this point, ₹ 530 cores have become ₹ 465 crores or ₹ 470 crores round off. And we have invested ₹ 450 crores, in fact a little more. And we will do the same every year for the next two years, right? So, if we invest ₹ 100, generally what is the kind of EBITDA or RoC, how do you evaluate internally? What do you expect?
- Anirudhsinh Jadeja:** Basically, this investment was to be done proportionately in the quarter-and-quarter format. But in the last FY22 - FY23, complete investment was not done in quarter 1 and quarter 2. If you look at the capex of quarter 3 and quarter 4 proportionately, the major capex of 70% has gone in quarter 3 and quarter 4, of which we have got the outcome of only two quarters. If you look at it in the next year, you will get the outcome of the whole year.
- Pavan Nahar:** The outcome is still negative, right? The outcome in EBITDA is still negative.



**Anirudhsinh Jadeja:** Yes, but the outcome will be for the whole year in quarter 1 and quarter 2. If you look at the subscription, it is close to around ₹ 30 crores, if you look at standalone. If you look at consolidated, it is close to around ₹ 20 crores to ₹ 23 crores. For the next four quarters, that contribution is around more than ₹ 50 crores.

**Pavan Nahar:** So, can I ask you in very simple terms quick? I wouldn't have all the details. You know more. So, if we have EBITDA of ₹ 465 crores in FY23, what should we expect in FY24?

**Piyush Pankaj:** See, we are looking forward that our growth pace till FY22, if you see we are doing the revenue growth of somewhere around 17%, 18%, on that basis overall. And EBITDA growth was somewhere around 13% to 14% every year. If you look at the last five years, you will see the data. That we are going to continue in FY24.

**Pavan Nahar:** So, more like 13%, 14% EBITDA growth?

**Piyush Pankaj:** That's right.

**Pavan Nahar:** And 13%, 14% EBITDA growth. Okay, just a moment. And then I wanted to ask you, is there like, so when you say you are going to spend ₹ 450 crores, ₹ 500 crores, it is like acquiring other small cable TV operators? Where is this money going to go outside of broadband capex?

**Piyush Pankaj:** You are talking on the broadband or CATV?

**Pavan Nahar:** Outside of broadband, CATV.

**Piyush Pankaj:** You are talking about CATV. See, CATV, you have to understand the market right now. You have to do two types of capex investment. One is to maintain your subscriber base. And second is to gain a new subscriber base. Maintain, is because the churn rate, which is going on in the industry, which is around 15% to 16%. So, if you talk about, right now I am at 9 million. 15% to 16% of 9 million, this is like 1.4 million to 1.5 million subscriber base. Which I have to gain just to maintain my subscriber base and my revenue.

And then I have to invest much more to have a net subscriber base positive. So that I can gain more revenue and more EBITDA. So that's the cycle on which every consumer, you can say direct consumer activity is happening, where the subscribers are. You talk about telecom, you talk about DTH. Wherever it is there, there is a churn there. And to maintain that churn, you have to make some capex additions. Plus, you have to do more capex to bring more revenue and EBITDA. So that cycle will continue over here also.

**Pavan Nahar:** Understood. So basically, when we say churn 15% and we give the subscriber a set-top box and we incur other costs for his activation. So, if every year, there is a churn of 15%, that means that it is a huge cost, which is not recovered. And then we will keep having the surprise, increased depreciation, or write-offs.

**Piyush Pankaj:** No, we are recovering the boxes. We are redeploying some of the boxes. But yes, you are right, you can't recover 100%. It depends that whatever we are recovering, whether it is useful or not. We are doing the repairs also, putting the refurbished box into the market also. But yes, that is

not coming 100%. You recover around 50% or 55% boxes. And then you do that whatever repair or some refurbished, you can do and put into the market. That goes back to 30% only.

**Anirudhsinh Jadeja:** It depends on what is the actual retrieval cost. We are collecting ₹ 500 activation and the box cost is ₹ 800. So, if later, because of ₹ 300, if we will go for recovery, and if the recovery cost is ₹ 300, so we will decide whether we want to recover or not.

**Piyush Pankaj:** So those factors work here because when you are doing the recovery, you have to do some recovery cost, whether going for that or whether you should go for the new boxes straightaway, which is going to fetch you ₹ 400, ₹ 500 from the market. And whether you want to do recover those boxes, which are in the remote areas and all, all those factors work on that. But yes, this box is lesser in the market and you have to do fresh capex on those.

**Anirudhsinh Jadeja:** Sorry, and the second thing Karan, because some places there is a strategic decision, because in earlier, the DAS-1 and DAS-2, implemented in 2012 and 2014, and because of that, that time the technology was MPEG-2. So, it's a policy decision, company has already taken, we will not further put MPEG-2 box. So that box is a completely obsolete. We don't even retrieve it from the market. Because we are completely out, right now 95% business, we migrated to MPEG-4 box.

**Pavan Nahar:** Okay, and this year there is no dividend, and we cannot do any buyback?

**Piyush Pankaj:** No, we have declared ₹ 4 as a dividend, I think Mr. Jadeja has said in his opening remark.

**Pavan Nahar:** It was all interim or final?

**Piyush Pankaj:** It's a final one, ₹ 4.

**Pavan Nahar:** I'm sorry, I missed that.

**Piyush Pankaj:** Subject to shareholder approvals and all, but yes, the board has recommended for ₹ 4, i.e., 40% dividend.

**Pavan Nahar:** And one more thing I wanted to ask you Mr. Jadeja, is basically we are at 75% already, the promoter between the two, and the stock valuation seems pretty interesting, close to book value to trading, despite your five year ROE being 16%, and maybe rightly so, maybe there are concerns. Like, is there any way we can do something about, a proportionate buyback or something like that? Actually, sorry, it won't help. Basically, I'm wondering what could the management do about the stock price? The numbers are supporting valuations.

**Piyush Pankaj:** These are promoter's call, strategic call, because as a company, we can't comment on these things. This has to be taken at a strategic level with the promoters, and then to the board, that is what we should do. Can't comment on this subject here.

**Moderator:** Thank you. The next question is from the line of Saket Kapoor, from Kapoor Company. Please go ahead.

**Saket Kapoor:** Yes. Namaskar, sir. Thank you for this opportunity. Sir, you mentioned about, capex of ₹ 460 crores for FY23, sir?

**Piyush Pankaj:** ₹ 468.5 - ₹ 468 crores.

**Saket Kapoor:** So, out of this, it entirely is this operational capex only, or how should one look at this spending? What goes into technological upgradation, and what goes into capacity augmentation? If we look at capex, the format has to be into capacity augmentation that will lead to further revenue going ahead. And how much is going towards the operational capex, which is needed to maintain, to run the entire system? So, if you could give that split up?

**Piyush Pankaj:** Yes, so if I come to first on the broadband side, we did ₹ 225 crores of capex on that. If I talk about, we did around ₹ 550K of homepasses on that, which is the capex, we have put around ₹ 20 to ₹ 22 crores, just making it to the home pass. Plus, there is around ₹ 30 crores, which we did in the technology side, technology enhancements in the backend and all. The rest has gone for the customer acquisition cost in the broadband side.

Same in the cable, I will say that, as Anubhai is saying that we are going from MPEG-2 to MPEG-4, those side, the technology enhancement and side, we have did around ₹ 25 crores of capex on that side. Plus, on the enhancement for our head end and technology side, we did around ₹ 20 crores of capex on that side. The rest has gone into the business side.

**Saket Kapoor:** Sir, when we look at the capex part of companies, wherever companies invest their money, it generates additional revenue going ahead. That is the order of what capex is defined. So, in our case, some capex goes towards the modernization, towards retaining of the client. So, when we are spending that money, what is the ballpark, we work around?

How much will be the customer acquisition, or how much market share will we grab? If you could give us the color on the same, what are going to be the customer counts going ahead for the money that we have spent? And thereby, what is the time frame for our payback?

**Piyush Pankaj:** On the cable side, where we are maintaining our subscriber base because we are recovering some boxes, we are putting it into the market also. So, out of the total, that is around ₹ 50 crores, ₹ 60 crores which is going into the maintaining the subscriber base. The rest is going in increasing our subscriber base and plus the technology enhancements. And as we go into the new market, you have to do some of the capex, network capex. So, that's the way, we are doing it in the cable side.

In the broadband side, as you see that, to maintain, or you can say because the churn there is around 20%, 22% in the broadband side. So, there you have to do somewhere around ₹ 70 crores to ₹ 80 crores in maintaining the business and rest in enhancing the business. And plus making the home passes, plus doing the technological upgradation, which is going to give us, generate more-and-more subscriber base and revenue for us.

**Saket Kapoor:** So, when we look at the profile for both cable TV and broadband going ahead, it is going to be, my basic understanding is that broadband is going to be the clean winner going ahead and everything would be clubbed under that, whether it is television, networking, internet would be

the key. So, going ahead, what are you visualizing in terms of this cable TV business contribution, since over the last three years, we have seen the revenue shifting towards broadband so, how likely is going to be the mix going ahead? And the customer preference with the laying off optic fiber cables and the internet penetration going ahead, how good the number would be that in terms of the split between the cable and the broadband mix? And I think so, broadband would be contributing to the bottom line also in a significantly higher EBITDA number than what cable TV is?

**Piyush Pankaj:**

See, last six years, you will see what capex we did. Last year If I talk about, you will find that we did around 60% to 63%, 63% around in the broadband side. Only 37% has gone into the cable side. The cable side, your capex has started increasing from last year, when the churn has also increased and we have to increase our capex, for maintaining our subscriber base around ₹ 50 crores to ₹ 60 crores more we have to spend on the cable side.

So, that is the case. Otherwise, yes, whatever the benefits are, you can say, the capex which we have put in the broadband side and we made a jump of around 3.8x in the subscriber base, in the broadband. The pace is much, much higher than what we did at 2x, in the cable side. So, yes, broadband has gone up and that is one of the reasons that we wanted, not only dependent on the cable, which you are seeing that in the segmental results, we believe that broadband has also started contributing a significant part and the business is not only dependent on one business. And that's the purpose that both the businesses do good and start contributing towards the whole consolidated results and that's happening and that's a good sign for us.

Continuing business, if we talk about, we are in the, as a management and as an industry, we are seeing that cable is not going anywhere. It is going to be there. It's going to generate whatever cash we are generating and going to grow from here only. As you see that still, there's 100 million non-TV households which are going to be there for growth. The consolidation of the whole cable industry is still open, as 80 million subscriber base and only all the organized player has just around 40 million right now, subscriber base in their fold. So, a 45 million subscriber base is lying there.

But yes, you can say that, we have to combine the business, broadband plus entertainment, plus OTT, plus more services together as we consider ourselves as a pipe, which we have the access to the home through that pipe. And we have to increase our services in such a way that in consolidated way, whatever need is there in the households, we can provide. But yes, we are looking forward that both businesses going to do good in the future.

Yes, we have to combine those businesses together, combine those offerings, make it more lucrative for the customer, increase our services. Right now, it is cable, OTT plus broadband, increase more of our services, which we can provide to the households and start providing all types of needs, satisfy all types of needs of the customers.

**Saket Kapoor:**

So, only a small point, in your opening remark also, you mentioned about the percentage of conversion to FTTH. So, when that conversion is totally skewed towards the broadband part of the story only, the fiber to home part is, you are referring to the broadband conversion only from cable to broadband aspect, is that understanding correct?

- Piyush Pankaj:** No, not cable to broadband.
- Anirudhsinh Jadeja:** So, earlier the technology was LAN, metro, ethernet. We have migrated it to GPON. Today, almost 90% business is migrated to a GPON technology.
- Piyush Pankaj:** So, on home pass basis, if I talk about, around 75% of our home pass is already in the FTTH, and 25% is in the LAN, which we are converting. And every year we are converting. So, we are looking forward that we will become 100% FTTX in the coming years. So, it is from MEN technology, which was LAN technology to FTTX, direct to home technology.
- Saket Kapoor:** Sir, in your presentation part, slide number 4, you mentioned about O&M contract of 17,000 kilometer of optical fiber for BharatNet. Explain sir, what are you conveying in that?
- Piyush Pankaj:** Yes, that is for showing our capabilities. This network, this project has already got over last financial year, which I talked about the EPC project, which we got for around ₹ 1,072 crores for laying the 17,000 kilometer fiber for the GFGNL, the broadband ready fiber. So, that is the project which we did and we completed that.
- Yes, we have the capability of doing these types of big projects and we are looking forward as the government coming up with new tenders for every state, we are looking forward that we will participate in more types of those projects.
- Saket Kapoor:** So, from this O&M contract, when will the revenue start kicking in, sir? What is the period from which and what would be the annual revenue, we will be garnering? If you could explain the nature of the contract, sir?
- Piyush Pankaj:** See, the contract is which we won at that point of time as ₹ 1,072 crores of EPC project plus ₹ 57 crores. For four years, ₹ 57 crores of O&M, operation, and maintenance of these networks. The operation and maintenance of the network has started in FY23 and those revenues are showing in other operating income.
- Anirudhsinh Jadeja:** So, actually, technically it's a four years plus three years?
- Piyush Pankaj:** So, four years extendable to seven years. And revenue has started in this financial year.
- Saket Kapoor:** So, we will be booking revenue of ₹ 57 crores. That would not be incurring any cost on the same? This is going directly to the bottom-line.
- Piyush Pankaj:** We are incurring the cost and making the margin of around 23% to 24% of that.
- Saket Kapoor:** Sir, barring this restatement on account of depreciation and also in terms, if I say the below the line item of exceptional item, when can we restore back to this 23%, 24% EBITDA margin, sir? And also, sir, if you could give us some more colour on this exceptional line item, sir, of the sundry debtors written off, sir. What was the period for which this money was lying on the debtors, the aging part? And of the total receivables today, have we done the stress test on the same? I think the trade receivable on a completed basis is around ₹ 292 crores currently. So, are we done with everything?

**Piyush Pankaj:** Yes. So first, yes, we are done with everything. Second, as you talk about the provision for doubtful debt that is amounting to ₹ 180 million, which is from certain identified receivables. As you know that Deloitte is our new auditor and being the first year, they have advised on conservative accounting and they have identified some of the parties where with the management discussions, the probability of recovery of outstanding is bit doubtful. So, there they have advised for taking provisions in books.

If the company is able to collect outstanding amounts, it will reflect in our revenues in coming years. But yes, as Deloitte is now our auditor from this year, they have gone for extra conservative on that way. They have discussed all outstanding with the management and wherever they find that there is a bit of doubt, they advised us to take the provisions in the books. And the outstanding were around one year old, one year three months, something old, but they have advised us to take this on the books. If you are able to recover it, it will come back into the revenues.

**Saket Kapoor:** And out of this ₹ 15 crores sir, number of parties affected, from how many people it was due sir?

**Piyush Pankaj:** Five, six parties are there.

**Saket Kapoor:** Six parties are there. And we are doing business with them currently?

**Piyush Pankaj:** Yes, we are doing business with them currently and we are hopeful that we are going to recover those things.

**Saket Kapoor:** So out of this ₹ 292 crore receivable, they are still owing money to us, ₹ 292 crores which is going to be closed on 31<sup>st</sup> March.

**Piyush Pankaj:** No, not right. After doing the provisions, they are at zero. If we are going to be able to recover those, then that will come as a revenue to us.

**Saket Kapoor:** So, is there any disputed amount, sir? Is there any dispute on that figure or what is the nature of this receivable then?

**Piyush Pankaj:** Not disputed, but yes, outstanding's are there from those parties. They are always asking us for the time, being the amount a bit large for them. And till date, we are giving them time to pay us on those. Right now, as you know, the amendment in tariff order has come and we are implementing that. Somewhere that has also given the idea to our auditor that it will become more difficult for them to pay us. So they have asked us to take the conservative accounting and the provisions and they are saying that if you are able to collect, then it will come back as a revenue.

**Saket Kapoor:** Okay, and then coming back to, my one question is left unanswered. When we can return to our historical margin, that above 20% margin, when can we expect that?

**Piyush Pankaj:** You have to understand that the margins which we are looking at right now, you have to look at net pay channel, the trend on that. If you see on the net pay channel, which is your pay channel

expenses minus marketing and placement revenues, if you look into that, we are at the, almost at the same margin. Here, what is happening, is that my placement and marketing is increasing and my pay channel cost is also increasing in the same ratio. So, placement and marketing revenue is not contributing towards the EBITDA and therefore the EBITDA margin is going down. So, when you look at the net pay channel cost, then you will see that our margin is almost maintained.

**Saket Kapoor:** I will join the queue, two more questions, but I will obey.

**Moderator:** The next question is from the line of Rikesh Parikh from Rockstud Capital LLP. Please go ahead.

**Rikesh Parikh:** Thanks for the opportunity. So, I just wanted to understand on our Cable TV business, we have been number one in Gujarat and number two in West Bengal. And right now, we are expanding in six more cities. So, want to understand, what is our medium-term plan over the next two years to three years where we are expanding? And what is the size we are looking at and are the margins safe or are we spending more to acquire customers in those areas?

**Piyush Pankaj:** As I always say that our target is that in the next three years, we are going to add more than one million subscribers every year on a net basis in the cable side. Yes, we are going into the new market, but we are keeping our economy in such a way that it is not going to affect our EBITDA. So, the margins are at the same level and we see that it should not affect EBITDA going forward. Yes, when you go into a totally brazen market, at that point of time you have to do some of the admin expenses and all, but as you get established within a modest time, you start making the margins at the same level which we are making at the cable side.

**Rikesh Parikh:** Okay, Looking at the broadband side, I can see the incremental profitability is much higher and we are able to get roughly ₹ 10 ARPU increase Y-O-Y basis as such. So can we, is it safe to assume that the incremental contribution on the EBITDA side will keep on increasing, going forward?

**Piyush Pankaj:** Yes, that's the strategy on which we are working. The company is going to have 50% EBITDA from the cable side and 50% EBITDA from the broadband side. So yes, we are working towards that and the pace of growth is going to be more on the broadband side.

**Rikesh Parikh:** The last thing, I missed out in the beginning, just your thought on some with GTPL Genie+, what is the game plan and how will it show us apart as such on this platform?

**Piyush Pankaj:** See, Genie+ we have launched as a B2C product right now, an off-the-shelf product, which is doing good right now. Somewhere the game plan is to give a bundled product to the consumer, where he can have cable plus OTT, we can have broadband plus OTT, he can have all three together plus more services. So that's the plan on which we are working towards, which I just said that how you can bundle. And how you can provide all types of services plus more new services, adding more services on those to the consumer. So, that's the plan on which we are going ahead. Yes, the margins are healthy on the OTT side also and we are looking forward, that as we go forward, those margins are also going to contribute in our business.

- Rikesh Parikh:** And last question, I just missed out, this NTO 3, how do you see will impact us on the cable side because incrementally we are losing out to the internet side. So, your thoughts on that and will it help us increase our margin also, means revenue per subscriber.
- Piyush Pankaj:** NTO 3, I will say it is good for everyone, every stakeholder. We are looking forward to more transparency in the market on that basis. And yes, it is going to be healthy for us, for the DPOs. We are looking forward that, as in the NTO 1 as we got the benefits, we are going to get the benefits in NTO 3 also.
- Rikesh Parikh:** Okay, thanks. That's it from me.
- Moderator:** Thank you. The next question is from the line of Ketan Athavale from Robo Capital. Please go ahead.
- Ketan Athavale:** Hello, thank you for the opportunity. Sir, I just wanted to know on this depreciation, which has increased. So, will it persist and what will be the run rate going ahead?
- Anirudhsinh Jadeja:** So, basically depreciation, the additional depreciation that has been taken is because earlier we were in a LAN technology, and we migrated completely our network in GPON. So, we are going forward and will not deploy that LAN technology again. So, because of that purpose, the old CPEs which were of LAN, we have been completely, because we don't want to redeploy in the market because we are completely migrating in the GPON format.
- So, we have depreciated it on that basis. Yes, as per the depreciation policy, it was not getting captured, but down the line, we are not going to redeploy the LAN technology. So, as we said that we are completely converting our existing broadband infrastructure to metro ethernet to LAN to GPON. So, for the last three years, our exercise of conversion was going on. Almost today we reached almost 90% migration is completed. So, all the old CPEs that we are not going to redeploy, we have depreciated it additionally.
- Ketan Athavale:** Okay, and you said EBITDA growth for FY24 13% to 14%. So how is revenue growth looking for two years and EBITDA outlook in 25?
- Piyush Pankaj:** So, if you see our old CAGR, we were doing around 18% to 19% of revenue growth and 13% to 14% of EBITDA growth. We are looking forward that from FY24, we are going to maintain those CAGRs.
- Ketan Athavale:** Okay, and just one last question. In both of our business individually, what will be the ROE, steady state ROE?
- Piyush Pankaj:** ROE is you can calculate it from the balance sheet. We are going to give the annual balance sheet this time. Investment in cable and you can say broadband is different.
- Ketan Athavale:** Just in steady state over long term, what it can be according to you?
- Piyush Pankaj:** Return on equity if you talk about, I'll come back to you on that because what is the return of going on right now and how it is going to shape on those days.



- Ketan Athavale:** Okay, we can take that offline. Thank you. That's it from my side. Thank you.
- Piyush Pankaj:** Thank you.
- Moderator:** Thank you. The next question is from the line of Guneet Singh from CCIPL. Please go ahead.
- Guneet Singh:** Hi sir. Thank you for this opportunity. So especially at these valuations, the company looks like a very promising prospect just like another speaker mentioned about doing a buyback. And I heard about the discussions that we had regarding the capex about ₹ 450 crores annually. But one thing that I couldn't understand was that the returns are we expecting on this capex.
- So, for example, if we are spending ₹ 400 crores or ₹ 450 crores annually, and like you mentioned about ₹ 50 crores to ₹ 80 crores or ₹ 150 crores, including both broadband and cable are going for maintenance and technology enhancements and the rest is going for acquiring new customers basically. So, I mean, if we are spending ₹ 450 crores annually, just a simple question, if we are spending one crore, how much asset turn do we expect on it?
- So, for example, we are spending ₹ 450 crores annually. Can we say that we can expect say about 1.5x like ₹ 600 crores additional revenue or what kind of additional revenue do we expect because ₹ 400 crores this year and about ₹ 1,600 crores you mentioned for the coming three years. So, the figure goes down to about ₹ 2,000 crores. So, can we reasonably say that after three years, we can expect an additional revenue of say ₹ 3,000 crores or ₹ 4,000 crores? I mean, that's just a simple question from my end. And that's the only thing that...
- Piyush Pankaj:** When you are doing the capex, the asset is there for the long term, which is like eight years to 10 years. And you have to see the return on those eight years to 10 years. So, first year, if we talk about, right now, our ROA is going at around 16%. We are looking forward that the return on assets at 16% to 17%, has to be maintained in the organization because when you look at the return on assets, you look at the longer time because assets are for the over the years.
- So, you can't say that ₹ 4,500 crores, if I did, then my incremental revenue has to be ₹ 500 crores or ₹ 600 crores. It has to be in such a reasonable way that, you get your RoA return on those assets, which you are employing and the full assets on the whole side at 16% to 17%, which is maintained right now and we are looking forward that with the time, it is maintained or increased from it.
- Guneet Singh:** All right. So, we are basically planning to maintain a revenue growth of 18% to 19% like you mentioned for the coming four years to five years, we can say?
- Piyush Pankaj:** That's right.
- Guneet Singh:** All right. Thank you. That's all from my side.
- Moderator:** Thank you. The next question is from the line of Yash Sarda from Sushil Finance. Please go ahead.
- Yash Sarda:** Hello, sir. Also, I can see in the internet service business, the average earnings per user have been decreasing since the past two quarters. Though our number of active paying users is

increasing. So, could you give us guidance as to going forward in the next one year to two years, any number of the numbers, which will be stabilizing or do we see a growth happening? That's it.

**Piyush Pankaj:** Yash, Your voice was cracking in the first sentence. Can you repeat that, the first sentence?

**Yash Sarda:** My question is for if you look at broadband business. So, the number of active paying users is increasing, and has been increasing since the past two quarters. But the earnings per user which are coming down have been on a downtrend. In two years to three years, it decreased by 5% and this year, there was a loss. So, what would be the earnings per user, where we will be having a steady state growth for the next one, one and a half years, and how many customers do we plan on adding for the next two years?

**Piyush Pankaj:** Yes. So, as I said that, we are looking forward that in next three years from 920K, 900K, we are looking forward that we are going to increase somewhere around 40% to 50% of our subscriber base, in the next three years. That is the target which we have taken. The second thing is that you are talking about margin per user. Margin per user if you see, we have, overall way, we have maintained that, hardly ₹ 5 here and there.

And we are looking forward that those margin is, which is around 40% of our ARPU, is going to maintain in the coming years also. As we are working towards the enhancement of our technology and all in such a way that, on the same small incremental cost, we are going to be able to serve more-and-more customers, which we are going to cross 1 million very soon. And the margin of 40% has, which should be maintained on those.

**Yash Sarda:** Okay. And just a follow-up question. When the average data consumption increases, how much is the unit economics, which we are benefiting? Because I think there has been a significant increase in data consumption in the past one year and which is going to increase coming forward as well.

**Piyush Pankaj:** Yes, that's one of the direct costs, which I will say. But as I say that, we are doing the technology enhancements and all, in such a way that we are able to manage those data through different technology, peering, cashing and all, in such a way that our margin remains the same. So that's the technology enhancements, network management, you can say, how you rearrange your network in such a way, by investing small amounts so that you save on those increasing of the bandwidth.

So, because that is one of the technology enhancements which we have to do. Because as you see, data from last two years, it has increased tremendously. But still, we are maintaining our margin and that is not pouring into our costs. And that's what we are doing and we are confident that we are continuing to do so.

**Yash Sarda:** Okay, thank you so much.

**Moderator:** Thank you. The next question is from the line of Rama Manohar, an individual investor. Please go ahead.

- Rama Manohar:** Sir, I have a question that you said that EBITDA will increase 13%. So is it on what we have achieved from ₹ 500 crores or is it FY21 number, FY22 number like, what is ₹ 567 crores? So, and this is the net profit margin. See, the profit after three years, after spending some around ₹ 1,000 crores capex, profit remains same, whereas revenue increases, and maybe profit is ₹ 40 crores, ₹ 70 crores or ₹ 80 crores, we have moved to like what?
- Piyush Pankaj:** Yes, Manohar, I will just say that as we say that, we are going to be close to ₹ 600 crores of EBITDA, that's what we are trying to achieve in FY24, which we missed in FY23.
- Rama Manohar:** Okay, ₹ 600 crores will be the likelihood that you are targeting. What about the net profit margin, like depreciation? I am not sure whether you are increasing depreciation or it will be like ₹ 300 crores or ₹ 320 crores or ₹ 400 crores?
- Piyush Pankaj:** Come again, you are talking about which margin?
- Rama Manohar:** No, you said ₹ 600 crores, I am talking about net profit margin, and every quarter, depreciation now is reached ₹ 100 crores. Is it ₹ 100 crores or it is going to be just ₹ 80 crores again?
- Piyush Pankaj:** No, it is going to be ₹ 80 cores, because this quarter you were seeing more, because of the provision, which we have made of ₹ 22 crores for the obsolescence of routers and other equipment, LAN routers and other equipment, which we have taken as conservative accounting.
- Rama Manohar:** So, that is I got it. And one more thing, last call you said that rate of return, rate of investment, we will get back in 18 months. Now, it is already well spent around, during last three years, ₹ 800 crores to ₹ 1,000 cores to the capex is done. Of course, some is maintenance capex, still after spending so much amount, our EBITDA remains same. So, I think we are missing something?
- Piyush Pankaj:** If I go and bring new customer in the cable TV, the return comes between, you can say, 15 months to 18 months straight away. Yes, and as I said that we are investing around ₹ 50 crores to ₹ 60 crores, in the capex to maintain our subscriber base. Those ₹ 50 crores to ₹ 60 crores is not giving me any return right now, from last two years.
- Okay, the rest of the assets are giving return at the higher rate and that's why, I am able to maintain my RoA at 16%. So, the rest of the assets which I am deploying are giving us around 22%, 23% return. This ₹ 50 crores, ₹ 60 crores is not giving me any return. In average, I am coming to around 16% of RoA. So, that's the equation, it is this.
- Rama Manohar:** Sir, you are not able to increase ARPU, cable ARPU, or it is going to increase. What about this, April 1, you said that I read some newspaper or even in the last con-call, you said that you will take a call on ARPU increase?
- Piyush Pankaj:** Yes, already we are implementing the NTO-3. We started the whole thing from 15th of April and already the revised rates and packages have gone into the market. You can find it out in the market. So, that is already, we are implementing NTO-3.

**Rama Manohar:** I think, yes, that is my concern because see when you telecom players, mobile players, every family I think their ARPU ends up by ₹ 100 at least. If it is two or three phones are there. Whereas, a new player GTPPL is struggling, to increase even ₹ 10 or ₹ 20 ARPU. I think that is one anomaly and then how, because that is I think that business, because we have competition from Free Dish and OTT, whatever it is.

And then even the Tata Sky, it is Tata play, they are entering the broadband and security business because I feel cable business, cable TV business may go out of the market in three years, four years or five years?

**Piyush Pankaj:** So, I will come on that first on the increase. Yes, increase you can say, revised prices and packages are already in the market from 15th of April from the morning and we are looking forward that as NTO-1 helps us, helped us in the whole thing, NTO-3 will also going to help us.

Second, your assessment on cable TV that, it will be obsolete in three years to four years. We don't agree. Cable TV is going to be there and going to grow. That is the belief of the management. Yes, the bundling of the product, which I have already talked about, you have to bundle. We are also in the broadband, we are also doing the OTT, we are doing the entertainment in the cable. We have to bundle that.

We have to, I have also talked about, we have to introduce more services, which is the requirement of the customer, which already lot of things, we are rolling also and you will come to know on this year. So, it's going to be not only three bundle services, more bundle services, which satisfy every need of the customer. As we say, we look ourselves as a pipe, which is having access to the household. And that's the strategy on which we are working and we look forward to launch all those things in this FY24.

**Rama Manohar:** Last one or two housekeeping questions like increasing the ARPU, is it going to increase in margin or just will offset the pay channel cost?

**Piyush Pankaj:** Yes, if the ARPU is getting increased, the margin will increase.

**Rama Manohar:** But not sure to what extent our money and profit margin will increase, right?

**Piyush Pankaj:** Again, the next quarter will come. We will talk more about this in the next quarter. We will start seeing some of the results in the next quarter.

**Rama Manohar:** One last question that you said that see, I want my company to focus more on broadband. Okay, now you are saying that broadband I think our 9 lakh customers, you are aiming for about 40%, 50% growth. I think that could be for the next three years, right?

**Piyush Pankaj:** Yes.

**Rama Manohar:** Don't you think, it is a small increase because that is happening place and then this year, I think we did very bad, I think only. Of course, the cable TV company did good. Whereas, coming to broadband, it is just 25K every quarter. And last two quarters you said there was a B2B customer, 70K something. And that also did not happen this quarter.

So, what is that clearly aiming for next one year broadband? Because I think there is more scope for increasing the business. It is still on the cable tv to broadband. So, can you clarify?

**Piyush Pankaj:**

Broadband side if you see, everywhere you talk about the competition and everyone. The growth which we are doing is at the same level of growth which other companies are doing right now. We are better than some of the other companies. So, that growth is going to maintain and that is going to enhance, as we go forward.

The B2B side of the business, yes, you are right that we are because of some technology here and there and mismatches and others. We are not able to do significant things in quarter 4, which we were expecting. And that is one of the reasons that you are seeing our EBITDA a bit down. Because of that contribution has not come in FY23. But we are hopeful that FY24, we are going to get B2B subscribers. Whatever projections I have given you for the next three years are just for the B2C. I have not included the B2B predictions on that.

**Rama Manohar:**

Thank you.

**Moderator:**

Thank you. The next question is from the line of Saket Kapoor from Kapoor Company. Please go ahead.

**Saket Kapoor:**

Yes, sir. A very small point, sir. You mentioned, we will be going back to the EBITDA number closer to ₹ 600 crores for FY24, is this what correct, sir?

**Piyush Pankaj:**

Yes, around.

**Saket Kapoor:**

We were in the vicinity of ₹ 555 crores, ₹ 560 crores for FY22. And if we keep that as a base, this being an anomaly year because of the non-cash item, we will have a growth of 10%?

**Piyush Pankaj:**

Yes, you're right on that way because the main reason is on that ₹ 550 crores around, if you're talking about FY22, around ₹ 70 crores of revenue, ₹ 70 crores, ₹ 75 crores of activation revenue, which was more of like a default non-cash revenue. That's why I say that activation revenue is a non-cash. It is not affecting our cash generation capability. But it was contributing to the EBITDA, which has gone away. So if you take away that, it is like from ₹ 480 crores, I'm talking about ₹ 600 crores. So it's more of like in that two years' time, around 22% to 23%, 24% jump, which is more of what we are talking of about our CAGR.

**Saket Kapoor:**

Could you please explain this activation revenue part of the deferred part? I didn't get it correctly. What is the nature of the same and why would it appeared earlier and will not be a repeat item?

**Piyush Pankaj:**

Yes, activation revenue is more of which at the time of DAS, when we were deploying our STBs first time in the market, we collected it from the customers. It's like ₹ 700, ₹ 800, ₹ 1,000 for the boxes, which has got deferred for five years. So if you see the whole phase 4, which has happened from 2017, 2018, till 2019 mid, you can say, those revenues of deferred revenues were appearing in our books. Because in Ind AS, you have to do the deferred for five years of those revenues.

So those revenues, which we have generated the cash, on those years, is part of the P&L, which is going away now.

**Anirudhsinh Jadeja:** So earlier, if you see, DAS implemented in India 2012 phase 1, phase 2 is 2013, and phase 4, it is up to 2017. So in the whole of India, more than almost 150 million set-top-box implemented. Whereas, let's say, take an example like GTPL itself has almost 10 million customers, we implemented it. If you count the activation revenue from ₹ 500, then almost ₹ 500 crores activation came in two and a half years, which has been deferred for five years, and now it is slowly coming to an end.

**Piyush Pankaj:** Phase 3 was 2017, but it was extended till 2019 somewhere, 2019, 2018 end.

**Saket Kapoor:** So now this activation part won't be there in our revenue. This is what, this has gone already.

**Piyush Pankaj:** That is not going to be part. That is going to be a very small amount, very, very small amount of that, which is remaining now.

**Saket Kapoor:** Sir, these four points on the slide, network and infra, 97,000 kilometers of optic fiber and all that, is this like our IPV1 asset, that we will be earning annuity on the same, or this is what the infrastructure we have laid out, and we have booked the revenue and the profit on the same. Are these IPV1 type assets?

**Piyush Pankaj:** You are talking about GFGNL? That's EPC project?

**Saket Kapoor:** No, sir. I am talking about our slide number 4, wherein we have mentioned about our network and infra of 97,000 kilometers of optic fiber, and we have done work for BharatNet project, for joining and connecting 3,700 gram panchayat, and then the OEM part. So, are these clubbed under the IPV1 asset? Are these infrastructure assets?

**Piyush Pankaj:** No, this is our own 97,000 kilometers, which we own in different, different parts of the country, where we put in my own optical fiber.

**Anirudhsinh Jadeja:** This is not GFGNL. GFGNL is owned by the government.

**Piyush Pankaj:** That is owned by the government. This is our own, which we have created the assets in the last 15 years, 16 years.

**Saket Kapoor:** Correct. So, are these the IPV1 assets, the infrastructure assets, wherein you will earn an annuity on the same, just like Vindhya TV and other players do? The licensed infrastructure providers category?

**Piyush Pankaj:** No, It's not like that. I can lease these to different parties.

**Anirudhsinh Jadeja:** But this is more on my B2B customers than for B2C customers.

**Saket Kapoor:** Okay. And in your presentation, sir, one point was mentioned about this Broadpeak video streaming solution. I'm looking at which slide it was mentioned. So if you could give us some

more color, what are you conveying by this, and what is the differentiation and how would this contribute to the revenue part?

**Anirudhsinh Jadeja:** So this is basically a technology solution, whereas it's a CDN technology solution, where you can deliver your content very easily, easy way, and very smooth way. So next time, if you want this in detailed technology side, I'll ask my CTO, he'll give you in a brief guidelines.

**Saket Kapoor:** Okay, sir. And last point, out of the employee costs, sir, what is the payment to the KMP? How much has been, is there a fixed cost, or also a performance bonus that is being paid under the employee benefit expenses?

**Piyush Pankaj:** On the KMP side, yes. Around 15% of salary is on the bonus side, on the performance base, 85% is the fixed.

**Saket Kapoor:** Okay, so out of this ₹ 145 crores, what is the contribution to the KMP, on an annual basis?

**Piyush Pankaj:** We can take it offline, on the KMP, as you know, so we can take it offline.

**Saket Kapoor:** I will get in touch, sir. Right, sir. And lastly, a small point on, with smart TVs now being the order of the day and they are getting bundled up with our mobile phones and the internet, getting more Wi-Fi to it. So how do you see that advent and more technological advancement in terms of smart TVs taking foray? How are you seeing this cable business will survive and will get thrust? As you are commenting, the cable business will have growth going ahead. But now with smart TVs coming into it, principally will this not disrupt it?

**Anirudhsinh Jadeja:** So basically, you can check down the line, whether it is a smart TV with Android or with iOS. You will see in the future, GTPH is also doing understanding with a lot of television vendors. We will come to know in quarter 1 or quarter 2. We have done their associations in many places. Where you go ahead, like you are seeing OTT applications on the screen of a smart TV. Somewhere ahead, you will see GTPH live TV. But its technology side is being upgraded. We will let you know in the coming, either quarter 2 or quarter 3.

**Piyush Pankaj:** So that is one part. The second part is, as more-and-more smart TVs will come, we are happy because people are more moving towards the HD side. So, the quality of HD or 4K, all those things, is going to give us a boost, on our side. Because the HD quality, if you don't have very high broadband connections and all, it will always be a trouble. In our case, HD quality is, you can say, very easily delivered on the smart TV and all. And that is going to give us more chance to do the marketing to those guys.

**Saket Kapoor:** Sir, just to summarize, it is going to be good customer experience going ahead. You are putting up technological upgradation, client acquisition. But if we talk about our investors, we have a lot of bottlenecks in terms of valuation. So how will the valuation improve, when 73%, 74% is with the promoter? You also have a limit for different payouts. And the tax incidence on dividends is also very high. That is both for the promoter as well as for the non-promoter entity.

So how is the valuation going to improve and how are investors in the long run going to benefit from the type of capex and the money you are spending? Definitely, it will create the

infrastructure. You are going to provide customers with the right experience and the right price. But how do you take a look after your investors, sir? What is your thought process on this? You have limited options. But what is working? How do promoters see this? Now, Reliance is in the poles with Jio. What is the message for us as minority shareholders?

**Piyush Pankaj:**

See, as a management of GTPPL Hathway, if you see, whatever we have promised in the IPO time and throughout the years, we are fulfilling those in the business aspects and we continue to do so. If you talk about the shareholding side, that is how it is going to get impacted and how the valuation, because if you believe as the management, the valuation should go up because we are doing good in the business. You can say the returns are increasing. Everything is increasing. So we should have a good value, the whole which we believe as a management.

And, but yes, restructuring or you can say how the shareholders have to look into that. I will say we will take the advice of our investors only individually that, what we should do, so which we should recommend to our board or which we should recommend to our shareholders that what we should do, so that the valuation should go up. So I will say that, we will take the feedback from the investors individually and present it to our board and the shareholders in that way.

**Saket Kapoor:**

Yes, sir. And you should also engage firms that can get you. Because if you look at the all-time high, it was around ₹ 300 or ₹ 296, that was the stock price, in way back in October '21. And we are now down, I think, so if there is no corporate action taken, we are down to ₹ 100 today. So, on top of spending money, having no debt, there has to be a reason, why the market is not valuing the company. That needs to be dealt.

**Piyush Pankaj:**

As a management, we are also concerned on that about the prices are on the lower side, which is come to down. But yes, we have to look that. See, as a management, we can do our business. On the business side, we can improve our things and all. Perception creation and speculations and what we can do in the market and all it is, we would like to have our investor to tell us or advise us, so that we can present it to our management.

**Saket Kapoor:**

I won't harp more on it, but you are the largest shareholder. So whatever value creation will happen will be top-down only. So that will be 3/4 on for the promoter and the remaining 1/4 for minority shareholders. So whatever steps you take, it is not only going to go for your minority shareholder, but it will come top-down from the promoter, to the non-promoter. So kindly look into the aspects and the reasons wherein. Also the purpose of them remaining listed, when value cannot be created for your industry. That's all from my side. Thank you.

**Piyush Pankaj:**

Sure, we look forward to that and we will talk individually.

**Saket Kapoor:**

Yes, sir. Thank you.

**Piyush Pankaj:**

As the company will do better-and-better, the share price will go better also.

**Saket Kapoor:**

Thank you, sir. All the best, sir.

**Moderator:**

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



**Piyush Pankaj:**

I would like to thank the participants for taking out time to join our earning conference call. We look forward to having continuous engagement with all the market participants. For any queries, please feel free to connect with Orient Capital, which is our IR advisor. Thanks, and have a good evening.

**Moderator:**

Thank you. On behalf of Emkay Global Financial Services, that concludes this conference. Thank you for joining us. You may now disconnect your lines.