Ref. No.: GTPL/SE/2022

July 19, 2022

BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai 400 001

Scrip Code: **540602**

National Stock Exchange of India Limited
Exchange Plaza,
Plot No. C/1, G Block,
Bandra Kurla Complex, Bandra (East),
Mumbai – 400051

Trading Symbol: **GTPL**

Dear Sir/Madam,

Sub. Transcript of the Post Results Conference Call on the Unaudited Financial Results for the first quarter ended June 30, 2022

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, kindly find enclosed herewith transcript of the Post Results Conference Call on the Unaudited Financial Results for the first quarter ended June 30, 2022 held on July 15, 2022.

The same can also be accessed at the Company's website at www.gtpl.net.

Thanking you,

Yours faithfully,
For GTPL Hathway Limited

Hardik Sanghvi
Company Secretary & Compliance Officer
FCS: 7247

Encl: As above

“GTPL Hathway Limited
Q1 FY2023 Earnings Conference Call”

July 15, 2022

ANALYST: **MR. PULKIT CHAWLA – EMKAY GLOBAL FINANCIAL SERVICES**

MANAGEMENT: **MR. ANIRUDHSINH JADEJA – PROMOTER & MANAGING DIRECTOR – GTPL HATHWAY LIMITED**
MR. RAJAN GUPTA – CHAIRMAN & NON-EXECUTIVE DIRECTOR – GTPL HATHWAY LIMITED
MR. PIYUSH PANKAJ – BUSINESS HEAD CATV & CHIEF STRATEGY OFFICER – GTPL HATHWAY LIMITED
MR. ANIL BOTHRA – CHIEF FINANCIAL OFFICER – GTPL HATHWAY LIMITED

Moderator: Ladies and gentlemen, good day and welcome to the GTPL Hathway's Q1 FY2023 earnings conference call hosted by Emkay Global Financial Services. As a reminder, all participant lines will be in the 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 over the conference to Mr. Pulkit Chawla Emkay Global Financial Services. Thank you and over to you Sir!

Pulkit Chawla: Thank you Michelle. A very good evening, everyone. I would like to welcome the management and thank them for this opportunity. We have with us today Mr. Anirudhsinh Jadeja, Promoter & Managing Director; Mr. Rajan Gupta, Chairman & Non-Executive Director; Mr. Piyush Pankaj, Business Head, CATV and Chief Strategy Officer; and Mr. Anil Bothra, Chief Financial Officer. I shall now hand over the call to the management for their opening remarks. Over to you gentlemen!

Anirudhsinh Jadeja: Thank you Pulkit. Good evening, everyone. I welcome you all to our Q1 FY2023 earnings conference call. At the outset I would like to express my gratitude to our stakeholders for being part of this growth journey. GTPL Hathway has begun FY2023 on positive note with consistent performance in digital cable TV and robust growth in broadband subscription revenue and ACB. We continue to explore our opportunity to expand our footprint throughout India and consolidate our presence in existing market by leveraging our digital infrastructure and capability; and building on the trust of customer by providing them enhanced service and product quality. With that I hand over to Mr. Piyush Pankaj who will take you through the business and financial aspects of the company.

Piyush Pankaj: Thank you Mr. Jadeja. Good evening, everyone. I hope all of you are safe and healthy. I am pleased to announce the business and financial performance of GTPL Hathway, the largest MSO in India. GTPL Hathway is consistently profit-making digital cable TV and broadband company in India creating value for its stakeholders over past six years with a growth of digital cable TV subscribers base by 2.3x and broadband subscriber base by 4.8x. We are a dividend paying company from last six years and maintaining our net-debt free status. Our ranking in Dun & Bradstreet India's top 500 companies for 2022 as per net profit has improved by 60 places to number 364 as compared to the 2021 listing.

Our CATV active subscriber base as on June 30, 2022, stands at 8.4 million and paying subscribers at 7.8 million. On Y-o-Y basis the increase in active and paying CATV subscribers is 400k and 500k, respectively. GTPL will continue to look at inorganic opportunities to augment its presence in existing and new markets.

In the broadband business we have added 155k net subscribers on a Y-o-Y basis and 29k net subscribers on a Q-o-Q basis. Home pass stood at 4.85 million as on June 30, 2022, an addition of 750k Y-o-Y. ARPU stood at ₹ 450. The average data consumption per customer stands at 260 GB per month per customer, an increase of 17% from last year.

Moving onto the financial performance on a consolidated level excluding EPC contract in Q1 FY2023, revenue grew by 10% Y-o-Y to ₹ 6,454 million. The CATV subscription revenue stood at ₹ 2,727 million up by 3% Y-o-Y. The broadband segment delivered robust growth of 24% Y-o-Y and the revenue stands at ₹ 1,139 million led by healthy subscriber additions. Consolidated EBITDA for the quarter stood at ₹ 1,354 million with a margin of 21%. EBITDA witnessed a marginal decrease Y-o-Y on account of depleting deferred activation revenue and one-time nonrecurring expenses due to change in policy for provisions. PAT for the quarter stood at ₹ 433 million.

On a standalone basis, excluding EPC contract, during Q1 FY2023 the company's revenue grew by 9% Y-o-Y to ₹ 4,079 million. The company reported EBITDA of ₹ 753 million and PAT of ₹ 274 million. Thank you everyone for your attention. We can now begin with the question-and-answer session.

Moderator: Thank you very much. We will now begin the question-and-answer session. Ladies and gentlemen, we will wait for a moment while the question queue assembles. The first question is from line of Amitabh from Cera Capital. Please go ahead.

Amitabh: I have only one or two questions. My first question is that why our broadband number of subscribers are not increasing. In this quarter also we are seeing 29,000 only. My original hypothesis was that if we have 8.4 million that is 84 lakh cable TV subscribers and by changing the set top box to hybrid and digital set top box, etc., we can convert most of them to broadband. So, effectively our quarterly number should be much, much higher now. In the last year in successive conference call, I heard that the management was telling that because of COVID we could not do those tie-ups and all those stuff, but now that the tie-ups are happening, the JVs are happening meaning local JVs, etc., so why these numbers are not increasing?

Piyush Pankaj: Yes, Amitabh first I will take on the broadband side then on the hybrid box side. So, in the broadband, the gross additions are still increasing. We are seeing that this quarter also the gross additions are more than what we did in last quarter. Yes, as you know the COVID has ended, the people who have adopted for the work from home or education from home they all are going back to the offices and schools. So, we are seeing some of those customers who are shifting and they are closing means some of the customers are shifting to their main base for their work, some are shifting as the schools have started those things have affected in this quarter which we have seen that the gross additions has increased but the net addition is still at the same range as we were doing it in the last two quarters. But we are very hopeful that as we know that broadband is a nascent industry and lot of potentials are there which we are doing, and we are hopeful and we are confident that the numbers' addition will increase as it was in earlier trends and what we are expecting in the projections on that basis.

Coming to your other question that the adaptability that we have introduced hybrid box. We have so much cable homes and those homes should convert into broadband. You are right on that. As you know that we are doing the B2C mainly in Gujarat and six other cities and we are adopting to the B2B conversions for the broadband also to expand our footprint. That business has taken off very well and lot of signing has already happened which you will start seeing the numbers coming in Q2, Q3, and Q4. So, we are confident that the numbers will increase in the coming quarters.

Amitabh: Any guidance on that for example our 29000 will become a lakh per quarter something like that you are having some projections?

Piyush Pankaj: Amitabh I cannot give the future growth level in this call. But yes we are expecting that the growth will be there, the good growth will be there. I cannot give you the exact numbers or exact projections on this call. We can connect one-to-one and we can do something.

Amitabh: My last question would be that you had some problem you were facing on the hybrid box level especially when you are changing the channels, etc., the delay, etc., so all those things have been sorted out now?

Piyush Pankaj: Yes, those all things have been sorted out. That is one of the factors for delaying our launch by around one-and-a-half months. But all those factors have been sorted out and now the response and the quality and everything is very good. The customers are happy with the performance.

Rajan Gupta: I request you should meet gentlemen separately and also make sure there is no misunderstanding there on the hybrid box ability to convert a consumer from cable to broadband consumer. There seems to be some conceptual understanding gaps, let us make sure that is clear. Otherwise, next call also same thing will happen. So, there is absolutely no connection of launching hybrid box with the increase in broadband customers or any automatic increase in broadband customers, so please make sure that network understanding is there.

Piyush Pankaj: Just to clarify once again. Hybrid box is the box which converts your non-smart TV into smart TV, and it gives the capability in the box of giving the CATV and OTT together as a combo. It can work on any broadband whether it is GTPL broadband or any other third-party broadband. This box is what we work on that. Just to give the clarity.

Amitabh: That I understand but thank you for clarifying anyway.

Moderator: Thank you. The next question is from the line of Shailendra M from Veda Financials. Please go ahead.

Shailendra: Hi. Thank you for taking my call. First of all, I want to congratulate you for sustaining the performance. On a Y-o-Y basis the performance looks quite encouraging but, on a quarter,-to-quarter basis it is kind of flat so that is okay. I am happy to note that you are optimistic about growing in near future, so I just wanted to understand what is the response to this GTPL Genie new setup box. So, forget about the broadband part how will it help you to convert some of the standard cable customers into this and there is a second question which is when your depreciation numbers are quite high so these are real depreciations, or they are escalated depreciation so there are two questions?

Piyush Pankaj: Thank you Shailendra. You are right that Q4 to Q1 is flat and if you see from Y-o-Y basis the growth is there. As you know that we have appointed Deloitte as statutory auditors of the company. The provision policy has been made consistent with GTPL group and revenue streams and one-time provisions have been taken in Q1 FY2023 which is part of other operating, admin and selling expenses. That is why you are seeing the flat results in comparison to Q-o-Q.

Shailendra: How much are those provisions can you say we may not expect in future how much is the quantum?

Piyush Pankaj: It is around ₹ 5 Crores which is there which we are not expecting in the future. On the Genie box the initial customer response is very favorable, and we have seen surge in hybrid STB's enquiry. Being the new product, the initial response and consumer adaptability is moderate and that is owing to larger validity packs of 6 and 12 months and given all the major OTT apps, we are giving 15 apps in the offering. As many customers have already subscribed to some OTT apps, we got the feedback that they want to go for hybrid upon completion of their existing subscription period. So based on the market feedback we would be coming with lower validity packs and introduce small bundles of OTT packs to cater larger customer demands better. Further we also plan to offer the OTT bundles to our broadband customers and existing cable TV customers in their regular subscription plan.

This would enable us to expand our horizon in terms of customer base for OTT offering and customers taking it. During the quarter we have seeded around 5000 hybrid STBs till date, and we are looking forward that as we will make it more attractive for the consumers in the coming days, more adoption will happen towards the GTPL Genie box.

Shailendra: Just wanted to understand your depreciation is quite high so is it basically the Set top Box whatever you are providing free of cost you are depreciating that. So, what is the policy? Can we add that depreciation back to the cash flow; is it a non-cash item or it is actually a real depreciation, it has to be written off, I needed to understand that?

Piyush Pankaj: As you know that we have procured our hybrid boxes last year only, but the capitalization of those boxes has started in this quarter and that is the way. So already you can say that the cash outflow has not happened. It is more of accounting policy that the depreciation has started coming from this quarter.

Shailendra: So, these are basically your set top boxes you are depreciating right?

Piyush Pankaj: That is right.

Shailendra: So how much do you spend annually let us say quarterly on set top boxes, currently?

Piyush Pankaj: As we have given in earlier call also that the total capex, we are looking forward was around ₹ 450 Crores in this financial year and out of that right now we did spent around ₹ 86 Crores; ₹ 46 Crores is in the broadband and ₹ 40 Crores is attributable to the cable TV currently. On cable TV, I will say around 90% capex goes into the set top box.

Shailendra: So, it is approximately ₹ 35-39 Crores something like that on set top boxes for a quarter?

Piyush Pankaj: Yes, that is for quarter.

Shailendra: How many years do you depreciate the set top boxes?

Piyush Pankaj: As a depreciation policy, as it is going on from the long, it is 8 years.

Shailendra: So approximately 12.5% straight line basis or it is written down value method.

Anil Bothra: This is on a straight-line basis.

Shailendra: Okay thank you.

Moderator: Thank you. The next question is from the line of Arjun Shah an individual investor. Please go ahead.

Arjun Shah: Yes, hi Sir. Congratulations on good quarter. I just wanted to talk a little bit about NTO that has been rolling out as it is going to be rolled out soon, so I think the industry generally particularly the broadcasters have been quite pessimistic about the whole thing. I think our team has been quite optimistic so is it because of the revenue split between the LCO broadcasters and us changing or what is the nature behind the optimism?

Rajan Gupta: Essentially as of now I think contours are still taking shape. So, I do not think we are into implementation phase. Current deadline is December for implementation, and I think as of now we are neutral about that. So as of now we remain neutral and wherever possible, anyway ARPU increase opportunity we are trying; but from NTO perspective as of now we are neutral.

Arjun Shah: On the cable TV front we saw margins shrinking a bit this quarter is that something we expect to continue in the future, or it also has a lot to do with depreciation I assume that other factors as well in the provision, is there anything else that we should keep an eye on?

Piyush Pankaj: Arjun, I will retreat myself that whenever you see the cable business margin you have to see net of the pay channel and carriage income. On that basis if you see the margins, we are at the same margin; we have not reduced on the margin side. Yes, as you know that as the pay channel increases your carriage income also increases and on that basis the denominator increases. If you do the net of that you will find that our margins are safe, and we are expecting from here onwards the margin should improve.

Arjun Shah: Understood. Thank you, Sir.

Moderator: Thank you. The next question is from the line of Hardik Jain from ISJ Securities. Please go ahead.

Hardik Jain: Thank you for the opportunity. Like the question was asked before also and so I just want to repeat it, so we have added around 30000 around 29000 broadband customers this quarter. But I do not want you to give us a guidance but if you can share us what is your aspiration, how many customers, how are you preparing the organization, how many customers as an organization you want to reach in broadband say in the next three years from 8 lakh odd numbers today, do we see ourselves reaching 15 lakh, 20 lakh customers in the next three to four years?

Piyush Pankaj: Yes Hardik. As you know that from last five years when we did the IPO, we were at around 200k and we have grown around 4x in the last five years. We want to do the additions on the same level or increased level of that and that is the endeavor on which company is working. This quarter we have maintained that. As I have already explained that the gross additions are happening, gross additions are increasing. We are seeing that the gross additions are increasing that is very encouraging for the management and for the company.

Hardik Jain: What would have been the gross addition Sir this quarter?

Anirudhsinh Jadeja: It is close to around 76000 quarter.

Hardik Jain: That is nice.

Piyush Pankaj: So, in that way we are hopeful, or we are confident that the addition numbers will be on the same trend as we were doing from last three to four years.

Hardik Jain: Out of this 76000 if you can bifurcate say Gujarat and non-Gujarat in this?

Anirudhsinh Jadeja: 90% is Gujarat.

Hardik Jain: One of our main cost items is bandwidth costs that we have to purchase bandwidth so just wanted to understand please pardon me for my ignorance so whom do we purchase this bandwidth from typically?

Anirudhsinh Jadeja: All telecoms like Airtel, Vodafone, Reliance Jio.

Hardik Jain: As our scale increases do we have the benefit of scale in the sense that per unit cost of this bandwidth decreases for us as we grow in size, or it does not matter?

Rajan Gupta: Essentially, I will also put some light on the first question you asked gentleman. So, in terms of growth potential, etc., so broadband consumer number growth is directly linked to homepass growth. Typically, what we are seeing in the competitive market, 20% penetration of homepass is what we are able to get in urban area because in urban area typically three players are competing and 60% of the market typically is subscribing to broadband. So, you are able to take one third, so typically 20% is what we are able to take in a metro kind of market. Of course, in rural and semi-urban markets penetrations are lower but your market share is higher, so essentially 20% to homepass is what you are able to get, so as we keep on investing in more and more homepasses like Gujarat itself for example there is no reason why Gujarat cannot be in a 2 million market. We have done a project also sometimes back which means that up to every panchayat, fiber is there, the only issue is that the whole homepass has to be created. Fiber is a trunk line which is available but then whole homepass in consumer home has to be created. I think this quarter we have done 1.5 lakh homepass. Piyush if I am correct. So, we have to add more homepasses. From a long-term perspective as you mentioned from nearly 5-year perspective Gujarat itself can be a 2 million market with the way broadband demand in second level cities and third level cities are increasing and essentially, we have a working model and on a very low ARPU of ₹ 450 itself there is very healthy EBITDA; greater than 40% we can deliver, so essentially model is very workable model. You will appreciate even ₹ 450 ARPU even in a semi-urban area or a C level town affordability is there. We are talking about FTTH kind of high-speed broadband, unlimited data in that kind of price with a very profitable proposition. Now we have to see how much cash flow we have and how much we can roll it out so that is the whole endeavor which management team is trying. Coming to bandwidth of course there is scalability. With scale increasing, bandwidth costs can come down to as low as 8-10%. There are companies where bandwidth cost of the scale is reaching to as low as 8-10% of the revenue.

Hardik Jain: So that was my question. Thanks for answering.

Moderator: Thank you. The next question is from the line of Parth Kotak from Alpha Plus Capital. Please go ahead.

Parth Kotak: Hi thanks for taking my question, Sir. So, I have a couple of questions and I would be sorry if I am repeating the question. So CATV revenue as we have seen the paying subscribers have increased and subscription revenue would have increased but I think our average revenue per customer on the digital cable business would have gone down one is that the right reading and why is it so?

Piyush Pankaj: You are talking about the ARPU?

Parth Kotak: Yes, that is correct. ARPU on the digital cable business.

Piyush Pankaj: Yes, ARPU in digital cable TV business in this quarter we have seen around ₹ 1 it has come down. Because of, you can say the market we lose on the higher side and grow in the lower ARPU side; but that will get corrected within a quarter and two quarters' time.

Parth Kotak: My question was if you could throw some light on your performance in newer geographies?

Piyush Pankaj: Newer geographies we have entered into Madhya Pradesh, we have entered into the North-East market, Tamil Nadu, four to five markets we have entered and there the progress is really well. Already in Tamil Nadu we have half a million, in North-East also we have entered into Manipur and Tripura and all where already the numbers are increasing at a very good rate, same is happening in MP and we are looking forward that we will enter into new geographies in the coming quarters.

Parth Kotak: That is very encouraging Sir. Sir my last question is our revenue from EPC contract is zero do we expect it to remain zero for the coming years or how do we see it?

Piyush Pankaj: Yes, EPC contract is a one-time contract which we did for GFGNL which is Bharat Net project. O&M, the operation and maintenance of that network is still continuing which is coming in other operating revenue in our books and as it is a general business because it is a 7-year contract which is there with the Gujarat government GFGNL. We are looking forward for this type of project as we have developed the capability and we want to encase those capabilities, so we are looking for Bharat Net type of projects in other states and plus we are looking forward for some other government projects small or bigger in Gujarat and other states also.

Parth Kotak: Okay. Thanks for answering all my questions. That is all from my side.

Moderator: Thank you. The next question is from the line of Riya from Aequitas Investment. Please go ahead.

Pratiksha: Good evening, Sir this is Pratiksha here. So, my first question is on cable TV. You mentioned that our gross additions were 76,000 so how much of this would be basically migration to Genie and how much of this is inorganic growth if you could give those numbers?

Piyush Pankaj: Hi Pratiksha. 76,000 gross addition is in the broadband which we have mentioned. Already we have given that we have seeded around 5,000 hybrid boxes in this quarter.

Pratiksha: Do we have any other inorganic growth on cable TV gross basis?

Piyush Pankaj: Those are on the pipeline that will come in the next or next-to-next quarter.

Pratiksha: Okay nothing for this quarter, right?

Piyush Pankaj: Nothing for this quarter.

Pratiksha: Okay and the ARPU in cable TV for this quarter would be?

Piyush Pankaj: It is close to around ₹ 119.

Pratiksha: Okay so basically if you started deploying Genie, we would have expected our ARPU to go up because the unit economics are better than our normal set top boxes when will we expect to show in the numbers?

Piyush Pankaj: Yes, yes it will go up with the time Pratiksha. We are looking forward for that and that is why in the last question I said that all the corrections in the ARPU side also will happen in Q2 and Q3.

Pratiksha: Okay and on the capex front we have set the guidance for this year was ₹ 180 odd Crores for cable TV and it is more or less similar to last year. So, are we seeing any inflationary pressures or cost pressures on our set top box costing and does that mean that on a number of unit basis we will have lesser set top boxes this year or how do I look at that?

Piyush Pankaj: No cost pressure on the set top box side, whatever pressure was there in the last year because of the chip availability, no pressure is there right now.

Pratiksha: Okay and if you could just elaborate a little bit upon the churn that we are experiencing for the company as well as industry like what kind of churn ratios are we seeing?

Piyush Pankaj: As explained earlier cable TV business has witnessed increased churn during COVID. After COVID we have observed that there is a marginal arrest in the churn but the same is still higher compared to the pre-COVID times.

Pratiksha: Okay alright. Thank you, Sir.

Moderator: Thank you. The next question is from the line of Bhupendra Tiwari from ICICI Direct. Please go ahead.

Bhupendra Tiwari: My question is largely on the fact that if you look at the overall subscription revenues in 2020, 2021, 2022 it has been flattish at ₹ 1050, 1070 odd Crores, even if I look at the absolute EBITDA of the cable segment that has been flattish, the heavy lifting of the EBITDA has been done by the broadband incremental of 100 odd Crores in last two years from 2020 to 2022 and during this period itself we have seen that we have turned from number 2 MSO to number one MSO which kind of reflects that industry itself has not done great, so what I would ask you is for the next three years how would you see this growth structure playing out; what segment will do the heavy lifting; we have also expanded to new cities but the kind of transmission that you should have expected to see in the subscription revenues or the absolute EBITDA of the cable that has not been very, very encouraging. So how would this segment play out for the next three to five years. I am not looking for per se numbers but some direction on how do you see this segment doing going ahead in the medium term?

Piyush Pankaj: I will just give it on the revenue and EBITDA side and then I think I will ask Rajan Sir also to put the light on what we can do in two to three years. See last three years if you see on the EBITDA, mainly the EBITDA has been impacted due to the activation revenue. The activation revenue which used to have ₹ 125, 130 Crores which was because of the deferred revenue there and the deferred revenue is coming down, as you know, in the Ind-AS. When the Ind-AS started in 2016, we had to do the deferred of activation for five years and after NTO, as we have been allowed to do some activation upfront. So there the deferred revenue has gone down. If you see this quarter also or from the last year also and from the last-to-last year also mainly the impact which is there in the EBITDA, because of the activation revenue. If you take out the activation revenue you will see that the EBITDA has grown, and the margins have grown, and everything has happened on that way. So, I will request that you do the analysis on that later then you get the correct picture on how the subscription revenue contribution is towards the EBITDA. Now coming to the subscription revenue, last three years if you see there is a good growth in subscription revenue also which has happened. Last two quarters you can say that the growth is around quarter-to-quarter is 2-3% that we are expecting it to get corrected as now is the time to go for the inorganic growth for the company. Till date we are doing all the things in organic way, and we are looking forward that the revenue growth will start happening as it was happening around two years back on that basis before COVID. Rajan Sir, do you want to take that one that how you are looking forward for the sector for both the cable and the broadband standing out?

Rajan Gupta: Sure Piyush, so I think given a good perspective for the last two years. So essentially, I think the task is clearly cut out for us. While there are industry headwinds, but I think the task is now pretty much clear cut. A we have to go back to our consolidation journey with a consolidated industry. Still there are more than 1000 MSOs and which obviously increased a lot of competition, and it is not very healthy from a market structure perspective. So that task is very clear cut whether organic or inorganic we have to consolidate the industry and parallelly I think last two years because of COVID led, pandemic led circumstances, of course, so much distress was there in market specifically at the bottom of the pyramid and which is where lot of our cable base is there; so, we could not increase ARPU. So, I think task is very clear cut for the management team that we have to now start focusing back on the ARPU with the pandemic behind us. So, I think both the levers, use our leadership in many markets to increase ARPU and parallelly keep on consolidating markets through both organic and inorganic so that is the direction I see for ourselves for three years.

Bhupendra Tiwari: Thanks for your answer Sir but one thing that we have been saying that the low hanging fruit for the cable segment was taking higher share from those cable LCOs that has not played out and I think we have been waiting for a long time that is one thing which once converted could have kind of aided the EBITDA and also set the background for the future also that is something that one is waiting as an investor and as an analyst?

Rajan Gupta: It is fair enough. I think the point is pretty much well taken, which is where I said the whole ARPU increase even from an LCO perspective because LCOs have lost their base in pandemic, and which is where their existence kind of becomes questionable. In that situation, management team thought it tough to increase APRU but with pandemic behind us now this is the right time.

Bhupendra Tiwari: Thank you.

Moderator: Thank you. The next question is from the line of Sanketh from Kedia Securities. Please go ahead.

Sanketh: Firstly, sorry for repeating the question just wanted a little bit clarification on my understanding. What would be the difference between the gross addition and net addition as we have mentioned and how was the homepass benefit the company if you can throw some light around?

Piyush Pankaj: So gross addition is the new sales, new customers which you are bringing into your network which is the gross sales, and we calculate net on the basis that the existing customer who is churning out from our system that has to be netted out and that is the growth we show as net additions.

Sanketh: Just wanted to understand you had mentioned that we should take increase in the homepasses as one of the key matrices to evaluate the company going forward so how would that be material for us?

Piyush Pankaj: For increasing the subscriber base you have to make the capability which is the homepass. The homepass is that you can serve those customers within 24 to 48 hours if the demand is there. So, it is like one building is 100 homes I have made the homepass on that building this means I can serve those 100 customers within 24 hours and provide a connection. So that is the way you create the homepass which is the capability creation for the company and that capability creation then you convert them into your connected customers.

Sanketh: On the numbers I just wanted to understand there has been a substantial increase in the other expenses, if you look at the P&L which is more than the quarter-on-quarter revenue growth so where have we majorly spent on the other expenses?

Anil Bothra: On the other expenses if you look at the other operating incomes are also increasing and consequently their expenses are appearing in the other operating and administration selling expenses. So, if you take the O&M costs which is almost around ₹ 37 million and there is one-time actually the impact of the provision for doubtful debts which we have adopted ELC provision on the placement receivables that is actually appearing in other operating expenses.

Sanketh: Thanks for answering my question.

Moderator: Thank you. The next question is from the line of Shailendra M from Veda Financials. Please go ahead.

Shailendra: Hi this is a follow-up question. I wanted to know this is a kind of follow-up to your previous comments in terms of inorganic growth what kind of acquisitions you have done in last quarter if any and what is the pipeline looking like for next one or two quarters?

Piyush Pankaj: Last quarter as I said there is no inorganic in the last quarter. The pipeline is long. We are looking forward that Q2, Q3, Q4 we will start getting lot of inorganic numbers also, apart from the organic numbers. So, we are very confident and hopeful that those inorganic deals will happen and it will start reflecting in the numbers.

Shailendra: So just wanted to check the acquisitions are attractive from our company's perspective but is it also an attractive proposition from the sellers' point of view?

Piyush Pankaj: Yes, as you know that anybody will sell only when it is attractive to that person and there is a consistent arrangement with them also in that basis, so that they will be in the industry only. That is the way we make the deal.

Moderator: Thank you. The next question is from the line of Keshav from RakSan Investors. Please go ahead.

Keshav: Hi good evening, Sir. On the bandwidth cost are there escalation clauses?

Piyush Pankaj: User side or on the cost side?

Keshav: Cost side.

Piyush Pankaj: As you know that we are always saying that our bandwidth will become commodity with the time and the prices will go down so we negotiate hard with our vendors, and we usually get the discount on what the rates are currently so that is the way we are doing it from last two to three years and we endeavor to continue on that way.

Keshav: So just pardon me for my ignorance, but I just wanted to understand how bandwidth is charged so is it on a consumption basis or is it bundle like for instance you have homepasses increasing X conversion but if you say we see an increase in conversion does the bandwidth cost also go linear here as per user basis?

Piyush Pankaj: See the bandwidth utilization is dependent on the increase in the subscriber base and their bandwidth utilization and all, but yes, we do the deals with our vendors in such a way that the percentage as a revenue, revenue percentage it should go down in such a way. So that is the way we do the deals with the bandwidth providers that from one customer we get more margin if the customer base increases.

Keshav: Okay alright Sir. Thank you.

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

Piyush Pankaj: Thank you all for joining the earning call of GTPL Hathway for Q1 FY2023 and we look forward to talk to you for the next quarter results for Q2 FY2023. Be safe and healthy. Take care. Thanks a lot.

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.